



Management's Discussion and Analysis
For the years ended December 31, 2025 and 2024

Dated: March 4, 2026

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Management's Discussion and Analysis

(For the years ended December 31, 2025 and 2024)

Forward-Looking Statements

Certain statements in this Management's Discussion and Analysis ("MD&A") constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements made under the headings "*Our Business*", "*Strategic Priorities*", "*Business Strategy and Outlook*", "*Liquidity and Capital Resources*" and "*Risk Factors*" and other statements concerning CareRx Corporation's ("CareRx" or the "Company") objectives, growth strategies and strategic priorities as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include general business risks, the Company's exposure to and reliance on government regulation and funding, reliance on contracts with key care operators and other risk factors, including those described under the heading "*Risk Factors*" and from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions.

This list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty therein.

Although the forward-looking statements contained in this MD&A are based on what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for the purposes of applicable securities laws. Statements including a financial outlook are included for the purpose of providing management's perspective on the Company's anticipated future business operations and such financial outlook may not be appropriate for purposes other than for which it is disclosed in this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Other than as specifically required by applicable laws, we are under no obligation and we expressly disclaim any such obligation to update or alter the forward-looking statements, including those constituting a financial outlook, whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.

The following is a discussion of the consolidated statements of financial position and the consolidated statements of income and comprehensive income of the Company for the years ended December 31, 2025 and 2024 and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. The MD&A should be read in conjunction with the consolidated financial statements and notes thereto for the years ended December 31, 2025 and 2024. The consolidated financial statements for the years ended December 31, 2025 and 2024 are prepared in accordance with International Financial Reporting Standards as outlined by International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB"). The Company's material accounting policies are summarized in detail in note 2 of the consolidated financial statements for the years ended December 31, 2025 and 2024.

Non-IFRS Financial Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS, such as "EBITDA", "Adjusted EBITDA", and "Net Debt". Management of the Company believes that these non-IFRS measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional key metrics of performance. The Company believes that Adjusted EBITDA is a meaningful financial metric for management and investors as it measures cash

generated from operations which the Company can use to fund working capital requirements, service interest and principal debt repayments and fund future growth initiatives. The Company's agreements with lenders are also structured with certain financial performance covenants which includes Adjusted EBITDA as a key component of the covenant calculations.

The Company believes Net Debt provides useful information to investors and other stakeholders as it reflects the Company's overall financial leverage and liquidity position. Management uses Net Debt as a measure of the Company's ability to meet its financial obligations and manage capital structure.

These non-IFRS measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable to measures presented by other issuers. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. See "Reconciliation of Non-IFRS Measures" in the MD&A for further information regarding these measures.

Non-IFRS Ratios

The Company uses certain non-IFRS ratios that are not standardized financial measures under IFRS, such as "Adjusted EBITDA Margin", "Adjusted EBITDA per share", and "Net Debt to Adjusted EBITDA".

Management of the Company believes that these non-IFRS ratios provide useful information to investors regarding the Company's financial condition, results of operations and capital management. It also views "Net Debt to Adjusted EBITDA" as a key metric to assess the Company's ability to service its debt using operating cash flows. Management uses these measures to monitor financial health, evaluate leverage trends, and guide decisions around capital allocation and debt management. The Company uses Adjusted EBITDA Margin to assess the efficiency of its operations by comparing Adjusted EBITDA for the period against revenues. The Company believes that Adjusted EBITDA per share can provide shareholders with useful information, contextualizing Adjusted EBITDA by factoring in changes to the Company's outstanding shares.

These non-IFRS ratios are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable to those presented by other issuers. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. See "Reconciliation of Non-IFRS Measures" in the MD&A for further information regarding these measures.

Key Performance Indicators

In addition to those measures identified under "Non-IFRS Financial Measures", management uses certain key performance indicators in order to compare the financial performance of the Company's operations between periods, including "Average Beds Serviced".

These key performance indicators are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly named measures as reported by other issuers, and accordingly may not be comparable to those measures presented by other issuers. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS. See "Key Performance Indicators – Fourth Quarter of 2025" for further information.

Unless otherwise specified, amounts reported in this MD&A are in millions of dollars, except shares and per share amounts and percentages. The following MD&A is presented as of March 4, 2026.

All amounts are disclosed in Canadian dollars. Additional information about the Company, including the most recently filed Annual Information Form, is available on www.sedarplus.ca.

Our Business

CareRx is Canada's leading provider of pharmacy services to seniors living and other congregate care settings. We serve approximately 92,000 residents in approximately 1,480 seniors and other communities, including long-term care homes, retirement homes, assisted living facilities, and group homes. We play an integral role in supporting our home care partners by providing high-volume, cost-effective solutions for the supply of chronic medication, ensuring the highest level of safety and adherence for individuals with complex medication regimens.

We are a national organization with the largest network of pharmacy fulfilment centres located across Canada. Our proximity to our customers allows us to deliver medications in a timely and cost-effective manner, and quickly respond to routine changes in medication management.

We utilize best-in-class technology that automates the preparation and verification of multi-dose compliance packaging of medication, providing the highest levels of safety and adherence for individuals with complex medication regimens. We are committed to the continued innovation in our service offering through the

adoption of leading technology to further capitalize on our growing scale and enhance our service offering, in addition to pursuing adjacent strategic opportunities that leverage our core capabilities.

With a passionate team and organizational culture that has an unwavering commitment to delivering superior quality of care to the communities we serve, together with our home care partners, we are dedicated to achieving the highest service and ethical standards. This commitment is embodied in our mission, vision and values:

Mission: Our passionate team is driven to enhance the health of Canadians with unique or complex medication needs.

Vision: To be Canada's trusted leader providing innovative pharmacy solutions in partnership with communities we serve.

Values: Collaboration, Accountability, Responsiveness and Excellence.



25
fulfilment centres

~1,480
long-term care and
retirement homes

~92,000
beds

Highlights for the Fourth Quarter and the Full Year ended December 31, 2025

Highlights for the Fourth Quarter of 2025

(All comparative figures are for the fourth quarter of 2024)

- **Revenue increased by 4% to \$96.1 million from \$92.2 million**
 - Increase was primarily driven by the increase in the number of beds serviced.
- **Adjusted EBITDA¹ increased by 17% to \$8.8 million from \$7.6 million**
 - Adjusted EBITDA increased primarily due to: (i) increase in the number of beds (ii) certain efficiencies and cost savings initiatives.
- **Net income increased to \$23.8 million from a net loss of \$2.2 million**
 - Increase in net income was primarily driven by the recognition of previously unrecognized deferred tax, decreases in finance costs, and increase in the number of beds and certain cost savings initiatives.
- **Dividend Declared**
 - On December 15, 2025, the Company announced that its Board of Directors declared a dividend of \$0.02 per outstanding common share in the capital of the Company (each a "Common Share"), which was payable on January 21, 2026, to shareholders of record as of December 23, 2025. The dividend was designated as an "eligible dividend" for Canadian tax purposes.

Highlights for the Full Year 2025

(All comparative figures are for the full year 2024)

- **Revenue increased by 1% to \$370.2 million from \$366.7 million**
 - Increase was primarily driven by a net increase in the number of beds serviced.
- **Adjusted EBITDA¹ increased by 9% to \$32.9 million from \$30.3 million**
 - Adjusted EBITDA increased primarily due to: (i) increase in the number of beds (ii) certain efficiencies and cost savings initiatives and (iii) improved supply terms as a result of the amendment to the existing agreement with the Company's principal pharmaceutical wholesaler effective April 1, 2024.
- **Net income increased to \$26.1 million from a net loss of \$4.5 million**

- Increase in net income was primarily driven by the recognition of previously unrecognized deferred tax asset, decreases in finance costs, increase in the number of beds and the impact of certain cost savings initiatives.
- **Completed the new State-of-the-Art Pharmacy in British Columbia**
 - During the fourth quarter of 2024, the Company opened a new state-of-the-art pharmacy in North Burnaby, British Columbia.
 - With this expansion, the Company consolidated the Burnaby and Vancouver pharmacy operations into the new North Burnaby location. The transition was completed in the first quarter of 2025.
- **Executive Appointments and Director Election**
 - The Company realigned its leadership team to best support its strategic priorities, particularly around clinical innovation, operational excellence and customer experience.
 - Erwin Van Hout was appointed Senior Vice President, Information Technology effective March 17, 2025.
 - Adrienne Sullivan-Campeau took on an additional mandate as Chief Employee and Customer Experience Officer effective April 1, 2025.
 - Alpinder Grewal was appointed Chief Operating Officer effective June 1, 2025.
 - Travis Featherstone was appointed Chief Clinical Officer effective June 1, 2025.
 - Jason Maguire was elected to the Company's Board of Directors at the Company's Annual General Meeting on June 5, 2025, as a non-independent director. Keith McIntosh, who had served as a director of the Company since 2021 did not stand for re-election.
- **Initiation of Dividend**
 - On September 15, 2025, the Company announced its intention to begin paying a quarterly dividend. The declaration and payment of future dividends is not guaranteed and is within the the Board's discretion based on the financial performance, capital needs, and business conditions of the Company.
 - On the same date, the Board announced a \$0.02 per Common Share dividend which was paid in cash on October 15, 2025, to shareholders of record as of September 23, 2025. This dividend is designated as an eligible dividend for Canadian income tax purposes.

- **Renewal of normal course issuer bid**

- On September 15, 2025, the Company announced that the Toronto Stock Exchange ("TSX") approved the Company's normal course issuer bid ("NCIB") to purchase for cancellation up to 1,500,000 Common Shares. The NCIB commenced on September 17, 2025, and will end on September 16, 2026, or such earlier date as the NCIB is completed or is terminated in the discretion of the Company. For further information see "Liquidity and Capital Resources - Normal Course Issuer Bid."

¹ *Adjusted EBITDA is a non-IFRS measure. See the sections "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS". Measures for a discussion of non-IFRS measures used in this MD&A, the composition of such measures, and a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure under IFRS.*

Key Performance Indicators - Fourth Quarter of 2025

Average Beds Serviced



Average Beds Serviced is a key performance indicator that the Company uses to monitor performance. The Company uses this key performance indicator to assess the performance of the Company's operations and to assess overall financial performance. Average Beds Serviced is calculated as the simple average of the number of residents serviced by the Company at the end of each month in the period. See the cautionary language in "Key Performance Indicators" for further information.

Strategic Priorities

Management of the Company intends to continue prioritizing achievement of the following objectives in the course of its business.

1. Optimize business operations

- Continue to integrate historical acquisitions, creating a best-in-class standardized operating platform.
- Leverage innovative technology, Lean management and scale of operations to drive labour and other efficiencies.
- Centralize procurement management and implement best practices to reduce operating costs.
- Enhance quality reporting metrics that demonstrate value to customers with emphasis on improved healthcare outcomes.
- Increase conversion of Adjusted EBITDA to cash flow.

2. Leverage opportunities to scale business

- Grow volume and breadth of services provided to existing customers
- Leverage value proposition to win new customer contracts
- Make accretive acquisitions that leverage core competencies
- Expand service offering to new geographies

3. Provide balanced investment returns

- Fund regular dividend payments
- Make opportunistic share repurchases where the market price does not reflect management's perception of the intrinsic value of the business

4. Expand industry advocacy efforts

- Strengthen government relations capabilities to ensure sustainable funding levels.
- Promote value of long-term care pharmacy sector with key stakeholders.

Business Strategy and Outlook

CareRx's growth strategy is focused on capitalizing on the favourable demographic trends that exist in the rapidly expanding seniors market through a multi-pronged organic growth and acquisition strategy. The Company believes that it is well positioned to continue to increase revenue and expand Adjusted EBITDA Margins in the medium-to-long term by increasing the number of beds under care and making accretive acquisitions, as well as through the diversification of its offerings and leveraging its best-in-class platform to offer the highest levels of service to more Canadians.

In addition to winning new contracts with customers, the Company believes that there are significant organic growth opportunities available within its existing customer base and that this growth will be derived from customers that are expanding through the construction and acquisition of long-term care homes and retirement residences, through increased uptake of the Company's services in retirement homes and the expansion of the Company's other clinical and service offerings to existing customers.

CareRx is also focused on optimizing its operations to reduce its cost structure and expand its Adjusted EBITDA Margins and cash flow generation. The Company believes that there are significant opportunities within the business to leverage its scale through the use of technology, Lean management and procurement practices to drive efficiencies that will result in significant cost savings.

The Company operates in a highly fragmented market and believes there are continued opportunities to make accretive acquisitions that will enable it to leverage its national footprint and continue to increase its scale and benefit from additional operational synergies. The Company believes this strategy will create significant value for our stakeholders while giving us the ability to offer a compelling, best-in-class service offering to our customers.

Reconciliation of Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted EBITDA per share", "Net Debt" and "Net Debt to Adjusted EBITDA". These non-IFRS measures and non-IFRS ratios are not standardized financial measures recognized under IFRS and, accordingly, users are cautioned that these measures should not be viewed as a substitute for related financial information prepared in accordance with IFRS.

With respect to "EBITDA", and "Adjusted EBITDA", net income (loss) is, the most directly comparable financial measure determined in accordance with IFRS. With respect to "Net Debt", Cash and cash equivalents and Borrowings are the most directly comparable financial measures determined in accordance with IFRS. The non-IFRS measures presented are unlikely to be comparable to similar measures presented by other issuers.

Definitions of Non IFRS Measures and Ratios

The Company defines "EBITDA" as earnings before depreciation and amortization, finance costs, net and income tax expense (recovery). "Adjusted EBITDA" is defined as EBITDA before transaction, restructuring and other costs, change in fair value of contingent consideration liability, impairments, (gain) loss on disposal of assets and share-based compensation expense. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by revenue. "Adjusted EBITDA per share" is defined as Adjusted EBITDA divided by the weighted average outstanding shares.

"Net Debt" is defined as the principal balance of the Company's borrowings net of cash and cash equivalents. "Net Debt to Adjusted EBITDA" is defined as Net Debt divided by the Company's run-rate Adjusted EBITDA annualized based on the current quarter's Adjusted EBITDA.

	For the three month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
<i>(thousands of Canadian Dollars)</i>				
Net income (loss)	23,789	(2,245)	26,127	(4,501)
Depreciation and amortization	4,542	4,784	18,332	19,190
Finance costs, net	1,541	2,115	6,683	9,119
Income tax expense (recovery)	(22,774)	32	(22,774)	32
EBITDA	7,098	4,686	28,368	23,840
Transaction, restructuring and other costs	230	307	1,291	1,490
Change in fair value of contingent consideration liability	17	17	77	(125)
Goodwill and intangible assets impairment	—	—	—	764
Share-based compensation expense	1,265	2,315	2,715	3,652
Loss on disposal of assets	199	235	479	676
Adjusted EBITDA	8,809	7,560	32,930	30,297
Adjusted EBITDA Margin	9.2%	8.2%	8.9%	8.3%
Weighted average number of shares - basic (in thousands)	62,850	60,928	62,734	60,254
Adjusted EBITDA per share - basic	\$0.14	\$0.12	\$0.52	\$0.50
Weighted average number of shares - diluted (in thousands)	64,607	60,928	64,491	60,254
Adjusted EBITDA per share - diluted	\$0.14	\$0.12	\$0.51	\$0.50

	As at December 31, 2025	As at December 31, 2024
	\$	\$
<i>(thousands of Canadian Dollars)</i>		
Cash and cash equivalents	13,919	9,084
Borrowings	41,061	44,875
Net Debt	27,142	35,791
Net Debt to Adjusted EBITDA	0.84	1.18

Selected Financial Information

The following selected financial information as at and for the year ended December 31, 2025, 2024, and 2023, have been derived from the consolidated financial statements and should be read in conjunction with those financial statements and related notes. Non-IFRS measures are defined and reconciled in the Reconciliation of Non-IFRS Measures section.

	For the three month periods ended December 31,			For the years ended December 31,		
	2025	2024	2023	2025	2024	2023
	\$	\$	\$	\$	\$	\$
(thousands of Canadian Dollars)						
Revenue	96,081	92,181	91,097	370,241	366,714	370,746
EBITDA²	7,098	4,686	5,486	28,368	23,840	24,697
Adjusted EBITDA²	8,809	7,560	7,505	32,930	30,297	28,673
Per share - Basic and diluted	\$0.14	\$0.12	\$0.13	\$0.51	\$0.50	\$0.50
Adjusted EBITDA Margin²	9.2%	8.2%	8.2%	8.9%	8.3%	7.7%
Net income (loss)	23,789	(2,245)	(3,700)	26,127	(4,501)	(5,405)
Net income (loss) Per share - basic	\$0.38	(\$0.04)	(\$0.06)	\$0.42	(\$0.07)	(\$0.09)
Net income (loss) Per share - diluted	\$0.37	(\$0.04)	(\$0.06)	\$0.41	(\$0.07)	(\$0.09)
Cash provided by operations	9,594	8,401	8,762	30,813	37,991	27,375
Total assets	242,947	223,538	231,893	242,947	223,538	231,893
Total liabilities	133,443	139,310	150,367	133,443	139,310	150,367
Weighted average number of shares - basic (in thousands)	62,850	60,928	58,636	62,734	60,254	57,350
Weighted average number of shares - diluted (in thousands)	64,607	60,928	58,636	64,491	60,254	57,350

² EBITDA, Adjusted EBITDA, Adjusted EBITDA per share - basic and diluted, and Adjusted EBITDA Margin are non-IFRS measures and non-IFRS ratios. See the sections "Non-IFRS Financial Measures", "Non-IFRS Ratios" and "Reconciliation of Non-IFRS Measures" for a discussion of non-IFRS measures used in this MD&A, the composition of such measures, and a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure under IFRS.

Results of Operations for the Three Month Periods and the Years Ended December 31, 2025 and 2024

Operating and Other Expenses as a Percentage of Revenue

	For the three month periods ended December 31,				For the years ended December 31,			
	2025		2024		2025		2024	
\$ millions	\$	%	\$	%	\$	%	\$	%
Revenue	96.1	100 %	92.2	100 %	370.2	100 %	366.7	100 %
Operating expenses:								
Pharmacy services and supplies	67.0	69.7 %	64.8	70.3 %	259.3	70.0 %	258.7	70.5 %
Employee costs	8.4	8.7 %	7.5	8.1 %	31.5	8.5 %	29.1	7.9 %
Other operating expenses	11.9	12.4 %	12.3	13.3 %	46.5	12.6 %	48.7	13.3 %
Total operating expenses	87.3	90.8 %	84.6	91.8 %	337.3	91.1 %	336.5	91.8 %
Other expenses:								
Depreciation and amortization	4.5	4.7 %	4.8	5.2 %	18.3	4.9 %	19.2	5.2 %
Share-based compensation expense	1.3	1.4 %	2.3	2.5 %	2.7	0.7 %	3.7	1.0 %
Loss on disposal of assets	0.2	0.2 %	0.2	0.2 %	0.5	0.1 %	0.7	0.2 %
Transaction, restructuring and other costs	0.2	0.2 %	0.3	0.3 %	1.3	0.4 %	1.5	0.4 %
Goodwill and intangible assets impairment	—	— %	—	— %	—	— %	0.8	0.2 %
Finance costs, net	1.5	1.6 %	2.1	2.3 %	6.7	1.8 %	9.1	2.5 %
Income tax expense (recovery)	(22.8)	(23.7) %	—	— %	(22.8)	(6.2) %	—	— %
Total other expenses	(15.1)	(15.7) %	9.7	10.5 %	6.7	1.8 %	35.0	9.5 %

- Revenue for the three month period and year ended December 31, 2025 increased by 4% to \$96.1 million for the quarter as compared to \$92.2 million for the same period in the prior quarter and increased by 1% to \$370.2 million for the year ended December 31, 2025, as compared to \$366.7 million for the year ended December 31, 2024. The increase was primarily due to the increase in the number of beds serviced.
- Operating expenses consist of three major components:
 - pharmacy services and supplies, which includes the salaries and benefits of employees directly involved in the provision of services, pharmacist consultant fees, the cost of medical supplies and the cost of pharmaceuticals sold;
 - employee costs, which relate to salaries and benefits of employees that are not directly involved in the provision of services; and
 - other operating expenses, which includes occupancy costs, communication, insurance, advertising and promotion, public company costs, Board and sub-committee fees and other costs of the corporate office and administrative expenses incurred at the operational level.
- Total operating expenses for the three month period and year ended December 31, 2025 increased by 3% to \$87.3 million as compared to \$84.6 million and had nominal increase to \$337.3 million as compared to \$336.4 million, respectively, for the same periods in the prior year.
- Cost of pharmacy services and supplies for the three month period and year ended December 31, 2025 increased by 3% to \$67.0 million as compared to \$64.8 million and had nominal decrease to \$259.3 million as compared to \$258.7 million, respectively, for the same periods in the prior year.
- Employee costs for the three month period and year ended December 31, 2025 increased by 12% to \$8.4 million as compared to \$7.5 million and increased by 9% to \$31.5 million as compared to \$29.1 million, respectively, for the same periods in the prior year. Employee costs for the three month period and year ended December 31, 2025 increased compared to the same period in the prior year, primarily due to merit, inflationary increases and also the increase in beds serviced by the Company, which required support from additional personnel.

- Other operating expenses for the three month period and year ended December 31, 2025 increased by 3% to \$11.9 million as compared to \$12.3 million and decreased by 4% to \$46.5 million as compared to \$48.7 million, respectively, for the same periods in the prior year. Other operating expenses for the year ended December 31, 2025 decreased primarily due to cost saving initiatives.

Transaction, restructuring and other costs are comprised primarily of legal, consulting, due diligence and other professional fees directly related to business combinations, divestitures or business restructuring; costs associated with new contract implementation and new acquisition integration; severance costs; start-up costs for new initiatives; and other costs associated with corporate reorganization and restructuring.

- Transaction, restructuring and other costs for the three month period and year ended December 31, 2025 were \$0.2 million as compared to \$0.3 million and \$1.3 million as compared to \$1.5 million, respectively, for the same periods in the prior year.
- Transaction, restructuring and other costs for the three month period and year ended December 31, 2025 and for the same periods in the prior year were non-recurring and primarily related to i) amendment fees incurred as part of renegotiation of an agreement with a supplier; and (ii) restructuring costs from labour savings and other initiatives.

Goodwill and intangible assets impairment for the three month period and year ended December 31, 2025 were both nil as compared to nil and \$0.8 million for the same periods in the prior year. The intangible asset impairment recorded during the second quarter of 2024 related to a portion of the customer relationships intangible asset that was acquired as part of historical acquisitions.

Finance costs, net includes interest expense, accretion expense relating to the Company's borrowings and interest expense relating to the Company's finance leases; partially offset by the interest income earned on the Company's savings accounts and guaranteed investment certificates.

- Finance costs, net for the three month period and year ended December 31, 2025 decreased by 27% to \$1.5 million as compared to \$2.1 million and by 27% to \$6.7 million as compared to \$9.1 million, respectively, for the same periods in the prior year.
- Finance costs, net excluding accretion expense for the three month period and year ended December 31, 2025 decreased by 21% to \$1.4 million as compared to \$1.8 million and by 26% to \$6.2 million as compared to \$8.4 million, respectively, for the

same periods in the prior year. The decrease in finance costs, net excluding accretion expense was primarily due to a decrease in the outstanding principal amounts of the convertible debentures were repaid in full in the fourth quarter of 2024, the decrease in the outstanding principal amount of the Term Loan and repayment of the Operating Loan.

- Accretion expense for the three month period and year ended December 31, 2025 decreased by 63% to \$0.1 million as compared to \$0.3 million and by 37% to \$0.5 million as compared to \$0.8 million, respectively, for the same periods in the prior year. The decrease in accretion expense was largely due to the decrease in the outstanding principal and repayment of the convertible debentures in the fourth quarter of 2024.
- Income tax recovery for the three months and fiscal year ended 2025 was \$22.8 million, which was nil in the corresponding three-month and fiscal year periods in 2024. The recovery primarily relates to the recognition of deferred tax assets associated with previously unrecognized non-capital loss carryforwards and net capital loss carryforwards under IFRS.

Liquidity and Capital Resources

The Company manages its capital structure based on the funds available to the Company in order to support the continuation and expansion of its operations, which primarily operates in an environment in which government regulations and funding play a key role. The Company defines capital to include share capital, warrants and the stock option component of its shareholders' equity as well as its borrowings and contingent consideration. In addition to the cash flows generated by operations, the Company has historically relied on debt and equity financing from both arm's length and related parties to execute on its stated business strategy and continue its operations as a going concern. In order to maintain or adjust its capital structure, the Company may seek financing through the issuance of securities such as equity, convertible debentures or subordinated debt, or by replacing existing debt with debt on terms more consistent with the Company's needs. See "*Liquidity and Capital Requirements*" in the "*Risk Factors*" section of this MD&A for further information on the risks associated with obtaining sources of financing.

As at December 31, 2025, the Company had \$41.1 million of borrowings outstanding.

The Company is committed to executing on its operating plans and, as such, the Company has pursued a multi-pronged strategy, including the recapitalization of the balance sheet through the issuance of additional equity, convertible debentures and subordinated debt, and strategic acquisitions within its core business.

Credit Facilities

On December 21, 2023, the Company entered into a comprehensive refinancing transaction with Crown Private Credit Partners Inc. ("CPCP"). Under the terms of the refinancing, CPCP provided a senior secured revolving operating loan of up to \$20.0 million (the "Operating Loan") and a \$50.0 million senior secured term loan (the "Term Loan", and together with the Operating Loan, the "Credit Facilities"), of which \$14.0 million and \$47.0 million were advanced on closing.

The Credit Facilities have a five-year term with quarterly repayments of the Term Loan starting in the first quarter of 2024. The Credit Facilities accrue interest at a floating annual interest rate of prime plus between 2.0% and 2.75%, based on the Company's performance against applicable financial covenants. Additionally, undrawn portions of the Operating Loan incur a standby fee at an annual rate ranging between 0.35% and 0.50% of the undrawn Operating Loan based on the Company's performance against applicable financial covenants. Accrued interest and standby fees are paid quarterly.

The Credit Facilities contain a number of customary positive and negative covenants, including a requirement to comply with certain financial covenants. These also include restrictions on incurring additional indebtedness, making certain investments or acquisitions and selling assets of the Company.

As at December 31, 2025, the Company was in compliance with its Credit Facilities covenants.

During the year ended December 31, 2025, the Company made a draw of \$0.5 million, as compared to \$1.8 million in 2024, on the Term Loan to fund certain capital expenditures.

Dividend

The Company's Board of Directors announced two dividends during the year ended December 31, 2025. On September 15, 2025, the Company announced a cash dividend of \$0.02 per Common Share, which was paid on October 15, 2025, to shareholders of record as of September 23, 2025. On December 15, 2025, the Company announced a cash dividend of \$0.02 per common share, which was paid on January 21, 2026, to shareholders of record as at December 23, 2025. Each dividend was designated as an "eligible dividend" for Canadian tax purposes. Dividends of \$1,256 are included in trades payable and other liabilities (note 9) as at December 31, 2025 (December 31, 2024 - nil)

Normal Course Issuer Bid

On September 7, 2024, the Company commenced a normal course issuer bid, which was in effect until September 6, 2025 (the "2024-25 NCIB"). Under the 2024-25 NCIB, the Company sought and received approval from the Toronto Stock Exchange ("TSX") to purchase up to 1,500,000 Common Shares. The Company purchased for cancellation 672,984 Common Shares under the 2024-25 NCIB at a weighted average purchase price of \$2.49 per Common Share through the facilities of the TSX and alternative Canadian trading systems.

On September 15, 2025, the TSX approved the Company's renewal of its normal course issuer bid, pursuant to which it is authorized to purchase up to 1,500,000 Common Shares (the "2025-26 NCIB"). The 2025-26 NCIB commenced on September 17, 2025, and will end on September 16, 2026, or such earlier date as the 2025-26 NCIB is completed or is terminated in the discretion of the Company. Purchases under the 2025-26 NCIB may be made through the facilities of the

TSX, other Canadian stock exchanges and/or alternative Canadian trading platforms, at prevailing market rates. Subject to regulatory approval, purchases under the 2025-26 NCIB may also be made by way of private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities. All Common Shares repurchased under the 2025-26 NCIB will be cancelled.

In connection with the commencement of the 2025-26 NCIB, the Company established an automatic repurchase plan with its designated broker in order to facilitate purchases of Common Shares under the NCIB. Under the automatic repurchase plan, the Company's designated broker may purchase Common Shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Purchases made pursuant to the automatic repurchase plan, if any, will be made by the Company's designated broker based upon the parameters prescribed by the TSX, applicable Canadian securities laws and the terms of the written agreement with the Company.

During the year ended December 31, 2025, the Company cancelled an aggregate of 760,358 Common Shares pursuant to the 2024-25 NCIB and the 2025-26 NCIB.

Cash Flow

Cash flow activities for the year ended December 31, 2025 were as follows:

Cash provided by operating activities

Cash provided by operating activities was \$30.8 million compared to \$38.0 million for the same period in the prior year:

- Cash provided by operating activities in the current year benefited from improved supply terms following the April 1, 2024 amendment to the agreement with the Company's principal pharmaceutical wholesaler, as well as from new onboardings and cost-saving initiatives. These positive impacts were partially offset by the timing of certain working capital receipts and payments.
- Cash provided by operating activities for the same period in the prior year was positively impacted by the completion of the amortization of certain deferred amounts received under the Company's supply agreement with its primary drug supplier, resulting in incremental cash receipts following the completion of the amortization, and the timing of certain working capital payments.

Cash used in investing activities

Cash used in investing activities was \$8.3 million compared to \$7.9 million for the same period in the prior year:

- Cash used in investing activities in the current year and prior year related to the purchases of property and equipment and intangible assets; partially offset by the net proceeds from the disposal of property and equipment.

Cash used in financing activities

Cash used in financing activities was \$19.0 million compared to \$28.0 million for the same period in the prior year:

- Cash used in financing activities in the current year and prior year related to the repayment of the Operating Loan, repayments of Term Loan, repurchase of shares for cancellation and payments of interest and finance leases; partially offset by proceeds from Term Loan and transfers from restricted cash.
-

Contractual Commitments

The Company's contractual commitments at December 31, 2025, are as follows:

	Total	2026	2027-2028	2029-2030	Thereafter
	\$	\$	\$	\$	\$
Trade payables and other liabilities	54.7	54.2	0.5	—	—
Term Loan	40.8	4.9	35.9	—	—
Interest payments on borrowings	7.2	2.7	4.5	—	—
Leases	66.0	5.8	10.1	8.6	41.5
Contingent consideration	0.8	0.8	—	—	—
Total	169.5	68.4	51.0	8.6	41.5

In the normal course of business, the Company enters into significant commitments for the purchase of goods and services, such as the purchase of inventory, most of which are short-term in nature and are settled under normal trade terms.

Equity

As at December 31, 2025, the Company had total shares outstanding of 62,781,495 (December 31, 2024 - 62,154,366).

For the year ended	December 31, 2025	December 31, 2024
Common shares		
Balance, beginning of year	62,154,366	59,831,092
Issuance of shares	739,309	—
RSUs and DSUs exercised	648,178	625,597
Shares repurchased for cancellation	(760,358)	(385,655)
Conversion of Convertible Debentures	—	2,083,332
Balance, end of year	62,781,495	62,154,366

Subsequent to the year ended December 31, 2025, and as of the date of these consolidated financial statements, the Company repurchased and cancelled 51,450 of its Common Shares at an average price of \$3.86 per Common Share for a total cost of \$0.2 million.

Issuance of Deferred Share Units ("DSUs") and Restricted Stock Units ("RSUs")

As at December 31, 2025, there were a total of 1,606,780 RSUs and DSUs outstanding to grant an equivalent number of Common Shares.

For the year ended	December 31, 2025	December 31, 2024
RSUs and DSUs		
Balance, beginning of year	1,467,629	1,207,497
RSUs and DSUs granted	882,705	1,124,956
RSUs and DSUs released	(641,928)	(625,597)
RSUs and DSUs forfeited	(110,590)	(239,227)
Dividend Reinvestment	8,964	—
Balance, end of year	1,606,780	1,467,629

Issuance of Warrants

As at December 31, 2025, there were no warrants outstanding and exercisable.

For the year ended	December 31, 2025	December 31, 2024
Share purchase warrants		
Balance, beginning of year	7,200,000	12,600,000
Warrants expired	(7,200,000)	(5,400,000)
Balance, end of year	—	7,200,000
Exercisable, end of year	—	7,200,000

Issuance of Stock Options

As at December 31, 2025, there were 296,878 options exercisable to purchase an equivalent number of Common Shares.

For the year ended	December 31, 2025	December 31, 2024
Common share options		
Balance, beginning of year	498,805	583,805
Options granted	(6,250)	—
Options cancelled/forfeited	(53,750)	(85,000)
Balance, end of year	438,805	498,805
Exercisable, end of year	296,878	185,852

Should all outstanding options that were exercisable at December 31, 2025 be exercised, the Company would receive proceeds of \$1.0 million.

As at the date of this report, March 4, 2026, the number of shares outstanding is 62,730,045; the number of RSUs and DSUs outstanding is 1,614,988; the number of stock options outstanding is 438,805.

Transactions with Related Parties

In the normal course of operations, the Company may enter into certain related party transactions, which may include transactions entered into with the Company's directors and management, or significant shareholders of the Company or their affiliates. All related party transactions would be for consideration established with the related parties, generally on market terms, and approved by the independent non-executive directors of the Company, including the transactions described below.

To the knowledge of the Company, as of the date of these financial statements, Yorkville Asset Management Inc. ("Yorkville") owns, or exercises control or direction over 16,301,305 Common Shares, representing approximately 26% of the outstanding Common Shares of the Company. The Company entered into a convertible debenture subscription agreement with Yorkville dated November 5, 2019, pursuant to which the Company granted Yorkville certain governance and investment rights, including the right to nominate two directors to the Board, subject to the satisfaction of certain conditions. Pursuant to the nomination rights under such convertible debenture subscription agreement, Mr. Ralph Desando was first elected as a director in November 2019, and Mr. Jason Maguire was elected as a director in June 2025.

Except as described herein, the Company did not enter into any related party transactions outside of the ordinary course of business in the year ended December 31, 2025, other than remuneration paid to the Company's directors and officers for acting in such capacities, including equity-based awards granted under the Company's long-term incentive program.

Summary of Quarterly Results

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
(thousands of Canadian Dollars)	\$	\$	\$	\$
Revenue	96,081	93,220	91,390	89,550
Adjusted EBITDA	8,809	8,345	7,997	7,779
Adjusted EBITDA per share:				
Basic	\$0.14	\$0.13	\$0.13	\$0.12
Net income (loss)	23,789	1,550	561	227
Income per share:				
Basic	\$0.38	\$0.02	\$0.01	\$0.00
	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	\$	\$	\$	\$
Revenue	92,181	92,836	91,968	89,729
Adjusted EBITDA	7,560	7,775	7,517	7,445
Adjusted EBITDA per share:				
Basic	\$0.12	\$0.13	\$0.13	\$0.12
Net income (loss)	(2,245)	(360)	(1,379)	(517)
Loss per share:				
Basic	(\$0.04)	(\$0.01)	(\$0.02)	(\$0.01)

¹Adjusted EBITDA and Adjusted EBITDA per share - basic and diluted are non-IFRS measures and non-IFRS ratios, respectively. See the sections "Non-IFRS Financial Measures", "Non-IFRS Ratios" and "Reconciliation of Non-IFRS Measures" for a discussion of non-IFRS measures used in this MD&A, the composition of such measures, and a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure under IFRS.

In the first quarter of 2024, the Company's revenue and Adjusted EBITDA decreased due to a net reduction in the average number of beds serviced. The impact of this reduction in the number of beds serviced on Adjusted EBITDA as compared to the fourth quarter of 2023 was partially offset by certain procurement and other cost savings initiatives that commenced during the second half of 2023, which continued in the first quarter of 2024. Net loss decreased primarily due to decreases in finance costs and the non-recurring intangible assets impairment recorded during the fourth quarter of 2023.

In the second quarter of 2024, despite a slight net reduction in the average number of beds serviced, the Company's revenue increased as compared to the first quarter of 2024 as a result of two additional days to generate revenues. Adjusted EBITDA increased slightly compared to the first quarter of 2024 as a result of the benefits of (i) improved supply terms as a result of the amendment to the existing agreement with the Company's principal pharmaceutical wholesaler effective April 1, 2024, and (ii) certain procurement and other cost savings initiatives that commenced during the second half of 2023, which continued in the first half of

2024. These savings were partially offset by temporary incremental labour costs related to overtime and contract labour as well as increases to other operating expenses. Net loss increased primarily due to a non-recurring intangible asset impairment recorded during the second quarter of 2024.

In the third quarter of 2024, despite a slight net reduction in the average number of beds serviced, the Company's revenue increased as compared to the second quarter of 2024 as a result of an increase in branded pharmaceutical prices during the third quarter of 2024. This change did not negatively impact the Company's profitability in the quarter. Adjusted EBITDA increased and net loss decreased compared to the second quarter of 2024 as a result of the full quarter benefit of improved supply terms as a result of the amendment to the existing agreement with the Company's principal pharmaceutical wholesaler effective April 1, 2024, and certain procurement and other cost savings initiatives that commenced during the second half of 2023, which continued in 2024. These savings were partially offset by inflationary increases and timing.

In the fourth quarter of 2024, the Company's revenue and Adjusted EBITDA decreased as compared to the third quarter of 2024 due to a net reduction in the average number of beds serviced. Net loss increased compared to the third quarter of 2024 primarily due to increase in share-based compensation expense.

In the first quarter of 2025, the Company's revenue decreased as compared to the fourth quarter of 2024 primarily due to the first quarter having two less weekdays compared to the previous quarter. This change did not negatively impact the Company's profitability in the quarter. Adjusted EBITDA increased primarily due to non-recurring adjustments in other operating expenses. Net income was generated primarily due to decrease in finance costs, lower share-based compensation expense and lower loss on disposal of assets as compared to the fourth quarter of 2024.

In the second quarter of 2025, the Company's revenue increased as compared to the first quarter of 2025 primarily due to an increase in the average number of beds serviced and 1 additional weekday. Adjusted EBITDA increased primarily due to the net increase in the average number of serviced beds partially offset by non-recurring adjustments in other operating expenses that occurred in the prior quarter. Net income was generated primarily due to an increase in the average number of beds serviced and slight decrease in transaction costs compared to the first quarter of 2025.

In the third quarter of 2025, the Company's revenue increased as compared to the second quarter of 2025 primarily due a net increase in the average number of serviced beds. Adjusted EBITDA increased primarily due to the net increase in the average number of serviced beds partially offset by inflationary increases in operating expenses. Net income was generated primarily due to an increase in the average number of beds serviced and slight decrease in transaction costs compared to the second quarter of 2025.

In the fourth quarter of 2025, the Company's revenue and Adjusted EBITDA increased as compared to the third quarter of 2025 primarily due a net increase in the average number of serviced beds, offset by inflationary increases. Net income increased compared to the third quarter of 2025 primarily due to the recognition of a deferred tax asset, which was offset by an increase in share-based compensation expense.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer (collectively the “Certifying Officers”) are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filings* (“NI 52-109”), for the Company.

The Certifying Officers have caused such DC&P to be designed under their supervision to provide a reasonable level of assurance that (a) material information relating to the Company is made known to them by others, particularly during the period in which the annual and interim filings are being prepared; and (b) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Certifying Officers have caused such ICFR to be designed under their supervision using the framework established in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) to provide a reasonable level of assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes in accordance with IFRS.

The Certifying Officers have caused to be evaluated under its supervision the effectiveness of its DC&P as at December 31, 2025 and have concluded that the design and effectiveness of these controls and procedures provide reasonable assurance that material information relating to the Company was made known to the Certifying Officers on a timely basis to ensure adequate disclosure.

The Certifying Officers have caused to be evaluated under its supervision the effectiveness of its ICFR as at December 31, 2025 using the COSO framework. The Certifying Officers have concluded that the overall design and effectiveness of these controls provide reasonable assurance of the reliability of financial reporting and the preparation of the consolidated financial statements for external reporting purposes in accordance with IFRS.

There have been no significant changes to the Company’s ICFR that occurred during the period ended on December 31, 2025, which has materially affected, or is reasonably likely to materially affect the Company’s ICFR.

Material Accounting Policies and Critical Accounting Estimates

Material Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRS and its interpretations as issued by the IASB that are effective for the year ended December 31, 2025.

The Company's material accounting policies are summarized in detail in note 2 of the consolidated financial statements for the years ended December 31, 2025 and 2024. No significant changes in accounting policies have occurred.

Critical Accounting Estimates and Judgments

The Company describes its critical accounting estimates and judgments as well as any changes in accounting estimates and judgment in note 2 of the consolidated financial statements for the years ended December 31, 2025 and 2024.

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as of the date of the financial statements. Each of these required estimates varies in regard to the level of judgment involved and its potential impact on the Company's reported financial results. Estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial condition, changes in financial condition or results of operations.

Critical accounting estimates and judgements include the assessment of impairment of goodwill and intangible assets and the valuation of deferred tax assets.

Goodwill and Intangible Assets Valuation

The Company tests at least annually whether goodwill or indefinite life intangible assets have suffered any impairment, in accordance with the requirements of IAS 36, *Impairment of Assets*. The recoverable amounts of CGUs or groups of CGUs have been determined based on the greater of their fair value less costs of disposal ("FVLCD") and value in use. These calculations require the use of estimates.

The recoverable amount of the Company's CGUs and groups of CGUs as at October 1, 2025 was determined based on FVLCD. The Company used a discounted cash flow projection model to determine the fair values of its CGUs. Costs of disposal, other than those that have been recognized as liabilities, are deducted in measuring FVLCD. Significant assumptions used in the

FVLCD included revenue growth rates, operating margins and discount rates.

Valuation of Deferred Tax Assets

In assessing the realization of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the period in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that the Company will be able to realize these benefits. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. As at December 31, 2025, the Company had gross non-capital loss carry-forwards of \$52.3 million (2024 - \$60 million), of which \$51.7 million have been recognized as at December 31, 2025 (2024 - nil). These losses can be carried forward against future taxable income and expire between 2034 to 2042.

As at December 31, 2025 and 2024, the Company had gross capital loss carry-forwards of \$2.7 million.

The Company assesses any potential tax uncertainties at each reporting period in order to assess whether any provisions are required for these uncertainties.

Risk Factors

There are certain risks inherent in an investment in the Company, including those described below. The Company is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect its operating and financial performance. The Company has operating and risk management strategies and insurance policies to help mitigate such risks and uncertainties, in addition to entity level controls, policies and governance procedures.

The Company's enterprise risk management program ("ERM") supports the identification and management of risks and uncertainties. The Company conducts an annual ERM assessment which is overseen by the Company's senior management and is reported to its Board of Directors. The ERM program includes the review, identification and assessment of risks facing the business of the Company. Senior management participates in a detailed review of enterprise risks in order to identify, evaluate, prioritize and manage risks, and implement appropriate risk mitigation strategies. The Company also monitors risks and changing industry and market conditions on an ongoing basis and adapts its operating strategies to reflect changing conditions. The risks and uncertainties described below could adversely affect the business, operations and financial condition of the Company, cause the price or value of the Company's securities to decline, and cause the actual outcome of matters to differ materially from the expectations of the Company regarding future results or performance reflected in the information in this MD&A and other disclosures made by the Company from time to time. The risks and uncertainties described in this section may not be the only risks that may impact the Company. Additional risks not currently known to the Company, or which management currently believes are immaterial, may have a material adverse effect on the Company's business, operations or financial condition. Investors should carefully consider these risks before investing in the securities of the Company. These risks should be read in conjunction with the cautionary statements included in the "Forward-Looking Statements."

Government Regulation and Funding

The Company's core business is focused on the provision of pharmacy services to Canadian seniors and other individuals in congregate care settings with medication management needs. The Company is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to numerous federal, provincial, territorial and

local laws and regulations. Changes to these laws and regulations, or non-compliance with these laws and regulations, could adversely affect the reputation, operations, financial performance or future prospects of the Company.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility and drug pricing and may also regulate manufacturer allowance funding that is provided to or received by a pharmacy or pharmacy suppliers. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product, the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan, the frequency in which such professional or dispensing fees may be charged, the co-payments that may be charged to a patient, and other clinical billings that pharmacists may be entitled to charge. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a brand prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs. Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the healthcare industry, including legislative or other changes that impact patient eligibility, drug product eligibility, dispensing and other fees, the imposition of capitated funding models, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by third-party payers or the provision or receipt of manufacturer allowances by pharmacy and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by third-party payers, such as governments, insurers or employers. These third-party payers have pursued and continue to pursue measures to manage the costs of their drug plans. Each provincial jurisdiction has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug

plans and private payers which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing, restricting or prohibiting the provision of manufacturer allowances and placing limitations on private label prescription drug products.

On September 25, 2023, the pan-Canadian Pharmaceutical Alliance (“pCPA”), which represents participating federal, provincial, and territorial public drug plans, reached a new 3-year agreement with the Canadian Generic Pharmaceutical Association (“CGPA”) with respect to the pricing of generic drugs in Canada, which became effective October 1, 2023. Under the new agreement, the price of new generics entering into the pan-Canadian Tiered Pricing Framework will drop automatically to 55% of brand reference price after three months where there is only one generic marketed in Canada, and between 25% and 50% where there are multiple manufacturers. The prior agreement between the pCPA and CGPA provided for a listing at 75% to 85% of brand reference price for new generics. The effect of this reduction, which lowers the price for certain generic drugs, will result in a lower mark-up that the Company receives on the price of new generic drugs that enter the market.

On January 1, 2020, certain amendments to O. Reg. 201/96 under the Ontario Drug Benefit Act (“ODBA” and the “ODBA Amendments”) came into effect. The ODBA Amendments removed the payment of a dispensing fee for drug products supplied for a long-term care home resident in Ontario by a pharmacy service provider and instead imposed a capitation model where pharmacy service providers now receive a professional fee for all pharmacy services provided to the long-term care home that is based on the number of beds in the home. The original fee was set at \$1,500 per bed per year and was scheduled to decline annually. Following five one-year pauses in April 2025 the Ontario Ministry of Health announced that the current capitation fee will remain in effect. The Company has no assurance that subsequent changes will not be made to government-funded programs that provide pharmacy services. Any such future changes may have a material adverse impact on the financial condition of the Company.

These changes, as well as other ongoing changes impacting pharmacy reimbursement programs, prescription drug pricing and manufacturer allowance funding, legislative or otherwise, are expected to continue to put downward pressure on prescription drug sales and payments relating thereto. These changes may have a material adverse impact on the Company’s business, sales and profitability.

Utilization of Prescription Drugs

The profitability the Company’s business is dependent, in part, upon the utilization of prescription drugs.

Utilization trends are affected by, among other factors, the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs generally due to higher gross margins on the sale of generic alternatives. Inflation in the price of drugs may also adversely affect utilization. New brand name drugs can result in increased drug utilization and associated sales, while the introduction of lower priced generic alternatives typically results in relatively lower sales, but relatively higher gross profit margins. Accordingly, a decrease in the number or magnitude of significant new brand name drugs or generic drugs successfully introduced, delays in their introduction, or a decrease in the utilization of previously introduced prescription drugs, could have an impact on results of operations. In addition, gross profit margins could be adversely affected if there is an increase in the amounts the Company pays to procure pharmaceutical drugs, including generic drugs, or if new brand name drugs replace existing generic drugs.

Supply Chain

The Company sources the majority of its pharmaceutical products from a single drug supplier. Under the terms of the supply agreement, the Company is required to purchase a minimum of 95% of its pharmaceutical products from its principal drug supplier, subject to certain exceptions. As such, the Company is highly dependent on its principal drug supplier for timely supply of pharmaceutical products.

From time to time, including during periods of intense demand or supply chain disruptions (for example, during epidemics or pandemics such as COVID-19), the Company’s principal drug supplier may not be able to allocate its supply of particular pharmaceutical products equally among its customers. While such allocations have not historically caused any significant disruptions in the supply of pharmaceutical products to the Company, there is no assurance that the Company’s principal drug supplier will continue to supply pharmaceutical products in the quantities and timeframes required by the Company. While the Company has made provision for any disruption of service, any disruption or alteration of the terms of the Company’s supply of pharmaceutical products, even if temporary, could negatively affect the Company’s sales and financial performance. In addition, the Company has established certain credit terms and limits with its major suppliers. Any unforeseen change in the nature of these credit terms could have a negative impact on the Company’s operations.

Third Party Service Providers

The Company is reliant upon third-party service providers in respect of its operations. It is possible that negative events affecting these third-party service

providers, any failure in the technology of third parties, or any negligence or failure to perform the services as contemplated, could, in turn, negatively impact the Company. In order to minimize operating risks, the Company actively monitors and manages its relationships with its third-party service providers. In addition, the Company relies on a single-source vendor for the provision of its pharmacy management software. In the event of a failure of this software, the Company's operations could be significantly disrupted, which could have a material adverse effect on the business, financial condition, reputation and prospects of the Company. In addition, changes to the supply terms with the Company's vendor could have a negative impact on the Company's financial position.

Regulatory Compliance and Third Party Audits

Pharmacies and healthcare businesses are subject to extensive regulation and may become subject to further regulations, licensing requirements or oversight by regulatory and self-regulatory bodies. The Company is required to comply with applicable regulations including but not limited to dispensing and inventories of prescription drugs, billing practices, pharmacy operations, and personal health information. Any change in regulations, positions taken by regulatory or self-regulatory bodies, licensing, restrictions on scope of practice, or other requirements relating to the operation of a pharmacy and related services, or their interpretation, could have a material adverse effect on the Company. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regimes that apply to its businesses. There can be no assurance that future regulatory changes affecting the industries in which the Company operates would not have a material adverse effect on the business, operating results and financial condition of the Company.

Healthcare organizations, including the Company, are subject to inspections, audits and investigations from various governmental authorities and regulators to ensure compliance with applicable laws and licensing requirements. The Company is also exposed to routine audits from third parties, including provincial drug plans, colleges of pharmacy, insurance providers, Health Canada and related adjudicators and regulators, and may be subject to investigations in connection with medication incidents or compliance with applicable regulations or industry guidelines.

While the Company believes it is in compliance with applicable requirements in all material respects, to the extent that the Company's operations, billing practices, inventory controls and/or pharmacy processes fail to comply with the applicable requirements, or its records that support billings are not properly maintained, the Company could be exposed to significant clawbacks or

financial penalties, exclusions from government contracts or programs, subject to increased or more stringent monitoring by regulatory authorities, limitations on the Company's ability to operate its pharmacies, or a closure of its pharmacies, which may in turn have a material adverse impact on the business, operations, prospects or financial condition of the Company. While the Company has obtained all currently required licenses and registrations to operate its business, there can be no assurances that the Company will be able to obtain all necessary licenses and registrations in the future, whether as a result of regulatory change, sanctions by governmental bodies or otherwise. The loss of or inability to obtain key licenses and registrations may adversely affect the Company's ability to operate its business in the normal course, as well as its financial position and future prospects.

Reliance on Contracts with Key Care Operators

Revenues attributable to the Company's businesses are dependent upon significant contracts with certain care operators. There can be no assurance that the Company's contracts with its key care operators will be renewed or that the Company's services will continue to be utilized by those care operators. There could be material adverse effects on the businesses of the Company if a significant care operator does not renew its contracts with the Company, elects to terminate its contracts with the Company in favour of another service provider, or divests care homes to another care operator that is not already serviced by the Company. Further, there is no assurance that any new agreement or renewal entered into by the Company with its care operators will be on terms that are as favourable as the terms of existing agreements, and the failure to obtain similar terms could have an adverse effect on the Company's businesses.

In addition, the Company's revenues are highly dependent on occupancy levels at care homes. To the extent that occupancy levels at homes operated by care operators with whom the Company has significant contracts decline due to general economic conditions or the materialization of risks specific to care operators, the Company's financial condition and results of operations could be materially adversely affected.

Competition

The markets for CareRx's products and services are intensely competitive, subject to rapid change and significantly affected by market activities of other industry participants. Other than relationships the Company has built with healthcare providers, seniors and other care operators and residents within these homes, there is little to prevent the entrance of those

wishing to provide similar services to those provided by the Company. Competitors with greater financial resources and/or experience may enter the market and outcompete CareRx. Smaller and new regional competitors may also attract business by providing distinctive services in some markets, which may not be feasible for CareRx to provide. The Company's competitors may reduce prices or otherwise offer services to CareRx's existing or potential customers on terms that are more favourable than those currently offered by the Company. To the extent the Company needs to alter its pricing or contractual terms, such changes may have an adverse effect on the financial condition of the Company. Enhanced competition may limit the Company's future growth and financial prospects. There can be no assurance that CareRx will be able to compete effectively for business with existing or new competitors.

Information Technology Systems, Cybersecurity and Data Protection

CareRx's business depends on the continued and uninterrupted performance of its information technology systems and those of certain of its suppliers. The Company also relies on technological solutions from a number of vendors to effectively work together to deliver services to customer and operate its pharmacies. Sustained system failures or interruptions could disrupt the Company's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition.

The Company relies on technology to conduct its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including protected health information, other personal information, and proprietary and confidential business information. As a result, the Company is exposed to risks related to cybersecurity, including unauthorized access, use, or disclosure of sensitive information (including personal health information), corruption, destruction or unavailability of data, or operational disruption resulting from system impairment (e.g., malware and ransomware). Third party service providers and subcontractors, and third parties with whom their systems interface, are also subject to these risks and such third parties may not have or use appropriate controls to protect confidential information and business systems.

The Company's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Like other companies, the Company is subject to phishing, spear-phishing and other IT threats to circumvent the Company's firewalls

from time-to-time. The objective of these campaigns is often to gain unauthorized access to confidential information, infect host computers with malware or ransomware where the hacker attempts to extort a payment from targets, or attempt to solicit unauthorized payments by pretending to be individuals with a high level of authority within the Company. Despite precautions taken, unanticipated problems affecting the information technology systems could cause interruptions for which CareRx's insurance policies may not provide adequate compensation.

The Company's business also depends on the timely maintenance and upgrade of networks, equipment, information technology systems and software to mitigate the risks of failures. Failure of the Company's information technology systems, a privacy breach or loss of sensitive information, including incidents affecting third parties with which the Company does business, may result in adverse effects, including the inability to process prescriptions or adjudicate pharmacy transactions, reputational harm affecting patient and/or investor confidence, potential liability under privacy, data protection or other applicable laws, regulatory proceedings and penalties or damages, any of which could have a material adverse effect on the Company's business, financial position and future prospects.

Protection of Privacy and Client Information

CareRx its employees, contractors, and in some cases third party service providers, are custodians of or have access to, in the course of conducting the Company's business, personal information of employees, residents serviced by the Company and their substitute decision makers, and specifically personal health information and other sensitive financial information. The collection, use and disclosure of personal information and personal health information are subject to federal and provincial laws and regulations which are constantly evolving. The Company is exposed to the risk of the potential loss, theft, unauthorized use or disclosure of such information, including as a result of employee errors or potential malfeasance. Data breaches through unauthorized access or inadvertent disclosure could result in the unintended publication or release of personal information. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to protect the personal information of which the Company is the custodian of or has access to.

In addition, the Company may be vulnerable to security threats, including cybersecurity incidents. Malicious software, ransomware attacks, other security threats or attempts to gain access to the Company's information systems, networks or technology could lead to disruptions in critical systems, including the risk that

sensitive or personal information may be accessed, disclosed, used, lost, made inaccessible, corrupted or destroyed by unauthorized parties. The Company's risk and exposure to these matters is partially attributable to the evolving nature and increasing sophistication of these threats.

The Company uses third party service providers in the operation of its business. Such service providers may have access to sensitive and personal information on the Company's behalf. Third party service providers may be subject to security incidents which may also result in the loss, theft, misuse or disclosure of information for which the Company is responsible.

If the Company were found to be in violation of applicable privacy laws, it could be subject to sanctions, liability to third parties, monetary and other penalties, reputational harm, additional regulatory scrutiny, and other costs. In addition, to the extent that any of CareRx's service providers or business partners experience a data breach of personal health information for which CareRx is a custodian, CareRx could similarly face significant reputational damage and be liable for such breach. Proceedings in respect of these matters may cause the Company to spend money in defense or settlement of such proceedings, divert management's time and attention, increase the Company's costs of doing business, and adversely affect its ability to attract and retain clients. There can be no assurance that the Company's insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims relating to privacy incidents, or that its insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company could exceed its available insurance coverage or result in changes to its insurance policies, including premium increases or the imposition of large deductibles. Any of the foregoing risks may have a material adverse effect on the business, operations and financial condition of the Company.

General Business Risks

The Company is subject to general business risks and to risks inherent in the pharmacy industry. These risks include general economic conditions, changes in regulations and laws, changes in government funding levels, natural disasters, health-related risks, including disease outbreaks (for example, COVID-19), increases in operating costs, labour markets, employee costs, reduction in availability of personnel below acceptable levels (for example, due to events such as a pandemic or disease outbreak), changes in accounting principles or policies, the imposition of increased taxes, new taxes or tariffs, competition, capital expenditure requirements, changes in interest rates, and changes in the availability and cost of financing. In particular, general inflationary pressures (including wage inflation) may result in higher

operating costs for the Company. Continued inflationary pressures, as well as any one of, or a combination of, these other factors may adversely affect the business, results of operations and financial condition of the Company.

Labour Intensive Operations

The business of the Company is labour intensive and the Company must compete with other pharmacies and healthcare organizations to attract and retain qualified personnel. Any shortage of qualified personnel, including regulated pharmacy professionals, and general inflationary pressures may require the Company to incur increased labour costs to compete effectively for such personnel. An increase in labour-related costs or a failure to attract, train and retain qualified and skilled personnel may compromise the Company's ability to service its existing clients, achieve its growth objectives, lead to service issues that result in the non-renewal of customer contracts, result in medication errors that result in patient harm and reputational damage to the Company, or increase the risk of regulatory action, litigation, fines, penalties or other costs, and have a material adverse effect on the business, operations and financial condition of the Company.

Liquidity and Capital Requirements

Given the Company's cash balance, together with its potential sources of funding and working capital needs, the Company believes it has sufficient cash to fund its operations and contractual payment obligations for the foreseeable future.

The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, the integration of any such acquisitions, the rate of growth of its client base, capital expenditure requirements, the costs of expanding into new markets, the growth of the market for pharmacy services, the costs of administration and its debt servicing obligations. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional Common or preferred shares or other securities exchangeable for or convertible into Common Shares) to fund its working capital needs or all or a part of a particular venture or in connection with acquisitions, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted.

Further, due to regulatory impediments, a lack of investor demand or market conditions beyond its control, the ability of the Company to issue additional Common Shares or other securities exchangeable for or convertible into Common Shares may be restricted.

The Credit Facilities are currently outstanding, pursuant to which the Company is subject to a number of customary affirmative and negative financial covenants. These include, but are not limited to, requirements to comply with certain financial covenants, restrictions on incurring additional indebtedness, paying dividends or other distributions, making certain investments/acquisitions, selling assets of the Company, and making regularly scheduled interest payments on the Company's subordinated indebtedness unless the Company has sufficient liquidity to do so.

In addition, the Company's borrowings under the Credit Facilities are collateralized by substantially all of the Company's assets. In the event of a default, including, among other things, a failure to make any payment when due or non-observance of any term of the agreements, all of the Company's obligations may immediately become due and payable, and the lenders would also be entitled to realize on their security and liquidate the assets of the Company. If the Company's lenders accelerate the repayment of borrowings, the Company cannot ensure that it will have sufficient assets to repay the amounts outstanding, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Cash Flow to Service Debt

As at December 31, 2025, the Company had approximately \$41.1 million of outstanding indebtedness. The Company currently estimates its debt service for the next 12 months under the Credit Facilities will be approximately \$7.4 million, including required principal and interest payments. The Company's substantial debt servicing costs could have significant adverse consequences on the Company and its business, including: requiring a substantial portion of its cash flows to be dedicated to the payment of principal and interest on its indebtedness, therefore reducing its ability to use cash flows to fund its operations, capital expenditures and potential future business opportunities; making it more difficult for the Company to make payments on its indebtedness, which could result in an event of default under the Credit Facilities; limiting its ability to obtain additional financing; reducing the Company's flexibility in planning for, or reacting to, changes in its operations or business; prohibiting the Company from making strategic acquisitions, introducing new technologies or exploiting business opportunities; placing the Company at a competitive disadvantage as compared to its less-

highly-leveraged competitors; and negatively affecting the Company's ability to renew key care operator contracts. For additional information on the Company's outstanding long-term debt, see "*Liquidity and Capital Resources*".

Litigation

From time to time the Company is involved in and potentially subject to litigation, investigations, disputes, proceedings or other similar matters related to claims arising out of its operations in the ordinary course of business, performance under its contracts, and the completion of acquisitions or divestitures.

The Company makes acquisitions of various sizes that may involve consideration to vendors in the form of cash and securities of the Company, as well as adjustment for contingent consideration that may take the form of price protection, earn-outs or performance rewards over a period of time. Contestation through litigation by vendors at a future date of actual, or applicable, entitlements under the negotiated agreements can happen, and may result in liabilities and contingencies to the Company or strained working relationships with vendors turned key employees in connection with the acquisition. The Company also completes divestitures of various sizes and the Company may from time-to-time be a party to a dispute relating to the transaction, which could result in liabilities and/or contingencies to the Company. In addition, the Company is party to a number of customer, supply and other commercial agreements. From time to time, disputes may arise between the Company and the counterparty to such contracts over the interpretation of the contract or each party's obligations thereunder that cannot be resolved by the parties and may be contested through litigation. In the opinion of the Company, these claims and lawsuits in the aggregate, when settled, are not expected to have a material impact on the Company's financial position or result in significant dilution to shareholders. However, to the extent that management's assessment of the Company's exposure in respect of such matters is either incorrect or changes, or requires any significant one-time payments of cash or the issuance of a significant number of shares, the Company's exposure could exceed current expectations, which could have a material adverse effect on the Company's reputation, operations, dilution to shareholders or its financial position and performance in future periods.

Medication Errors

The Company dispenses a significant volume of prescriptions per month, and as with any pharmacy, medication errors are an inevitability. Medication errors can arise from human error from the prescribing physician or nurse practitioner, from a pharmacist or

pharmacy assistant in processing and dispensing a prescription, or from a failure in technology that the Company relies upon to package medication correctly. Medication errors can lead to adverse health outcomes of residents. In addition, pharmacists may offer counseling to customers about medication, dosage, delivery systems, common side effects and other information, which may be incorrect. While the Company has robust policies and procedures in place to minimize the occurrence of medication errors and maintains professional liability and other insurance in amounts it deems to be sufficient, a high rate of errors or errors that cause significant resident harm could expose the Company to significant reputational damage, a loss of customers, litigation, regulatory proceedings or investigations, or increased insurance premiums.

Reliance on Key Personnel

The success of the Company depends on the efforts and abilities of its senior management and other significant personnel, as well as the Company's ability to attract and retain qualified personnel to manage aspects of its business. The loss of the services of one or more of the Company's officers or other key employees could negatively impact the Company's ability to develop and pursue its business strategy, which could have a material adverse impact on the business, results of operations and financial condition of the Company.

Acquisitions and Integration

The Company has and continues to expect to make acquisitions of various sizes as part of its stated growth strategy, and continues to integrate previously acquired businesses.

There is no assurance that the Company will be able to continue to acquire businesses on satisfactory terms or at all, which could impact the stated growth strategy of the Company. Acquisitions involve the commitment of capital, management time and other resources, and such acquisitions could have a major financial impact in the year of acquisition and beyond. No assurance can be provided that the Company will realize the anticipated benefits or results of a given acquisition, notwithstanding the Company's due diligence efforts and the commitment of time, capital and other resources to acquisitions and integration activities. The speed and effectiveness with which CareRx integrates acquired companies into its existing businesses and the upfront capital that may be required to realize any synergies may have a significant short-term impact on CareRx's ability to achieve its growth and profitability targets. In addition, CareRx may devote significant time and resources towards evaluating business acquisition opportunities, and ultimately elect not to proceed with such acquisitions. CareRx may also elect to pursue acquisition opportunities that are outside of its current

core business of providing pharmacy services to seniors homes and other congregate care settings, which may have an adverse effect on the Company's core business, requiring the commitment of capital and dedication of management time and corporate resources to such acquisition opportunities.

The successful integration and management of acquired businesses, and the Company's ability to realize the expected run-rate revenue and Adjusted EBITDA contribution and synergies, are subject to numerous risks and uncertainties that could adversely affect CareRx's growth and profitability, including that:

- i Management may not be able to manage acquired businesses successfully and the integration may place significant demands on management, thereby diverting its attention from existing operations;
- ii Operational, financial and management systems may be incompatible with or inadequate to integrate into CareRx's systems and management may not be able to utilize acquired systems effectively;
- iii Acquired businesses may require substantial financial resources that could otherwise be used in the development of other aspects of the Company's existing business;
- iiii Expected synergies in support of the acquisition model may not be fully realized as anticipated or could take longer to realize than expected;
- iiiii Despite the Company undertaking comprehensive due diligence of acquired businesses, such due diligence may not uncover all liabilities of acquired businesses, and the scope of any indemnification obligations of the vendors may not be sufficient to cover any such liabilities;
- ivii Historical financial information for certain acquired businesses may be based on carve-out financial information given acquired businesses may have been consolidated into the larger operations of the applicable vendors;
- vii The customer contracts underlying acquired businesses may not be retained or renewed on similar terms;
- viii Acquired businesses may result in liabilities and contingencies which could be significant to the Company's operations;
- viii Integration activities may distract management and other employees from running the day-to-day business and result in unintended declines in service to existing customers; and
- viii Personnel from acquired businesses and its existing businesses may not be integrated as efficiently or at the rate foreseen.

Catastrophic Events and Failure of Business Continuity Plans

The Company's business may be adversely impacted by a number of events which are beyond its control, including cyber incidents, failure of critical infrastructure or systems, loss of power supply, pandemics, terrorist attacks, acts of war, climate-related events or other catastrophes. While the Company has implemented certain risk management measures, including a Disaster Recovery Plan, intended to support business continuity, crisis management and disaster recovery, such events can evolve rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe the Company's operations and ability to carry on business will not be disrupted. A catastrophic event could adversely impact the Company. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change as a result. These events could have a material adverse effect on the business, operations, reputation and financial condition of the Company.

Exposure to Epidemic or Pandemic

As CareRx's businesses are focused on healthcare, its employees and/or facilities could be affected by an epidemic or pandemic outbreak, either within a facility or within the communities in which the Company operates. In the event of epidemic or pandemic outbreaks, it is possible that medication supply could become disrupted or that pharmacies could be required to close if staff members become ill or there are otherwise staffing shortages.

The Company has developed protocols and procedures should they be required to deal with any potential epidemics and pandemics, and previously put these protocols and procedures in place to address the COVID-19 pandemic. Despite appropriate steps being taken to mitigate such risks, and the fact that the Company's business is an essential service and its largest payers are the provincial governments, there can be no assurance that these policies and procedures and the nature of the Company's business will ensure that the Company will not be adversely affected.

Tariffs and Trade Restrictions

The Company's operations and financial performance may be impacted by the imposition of tariffs or trade restrictions by foreign governments and retaliatory tariffs by the Canadian government.

While the Company operates exclusively in Canada and procures the majority of its pharmaceutical products and machinery utilized in its business from outside the United States and does not expect any material impact on its business, there can be no certainty on whether

evolving tariffs, trade restrictions or a trade dispute between

Canada and the United States or between other countries could cause supply chain disruptions, inflationary pressures, or have a material impact on the Company's customers and, in turn, the Company's operations and financial performance.

Insurance Coverage

In recent years, liability insurance coverage has become considerably more expensive and the availability of coverage has been reduced in certain cases. There is no assurance that the existing coverage will continue to be sufficient or that, in the future, policies will be available at adequate levels of insurance or at acceptable costs. The Company maintains professional malpractice liability insurance, cyber insurance, directors' and officers' and general liability insurance in amounts it believes are sufficient to cover potential claims arising out of its operations. Some claims, however, could exceed the scope of its coverage or the coverage of particular claims could be denied.

Due to the nature of the pharmacy services provided by the Company, general liability, error and omissions claims and malpractice claims, amongst other types of claims, may be commenced against the Company. Although the Company carries insurance in amounts that management believes to be customary, there can be no assurance that the Company will have coverage of sufficient scope to satisfy any particular liability claim. The Company believes that it will be able to obtain adequate insurance coverage in the future at acceptable costs, but there can be no assurance that it will be able to do so or that it will not incur significant liabilities in excess of policy limits. Any such claims that exceed the scope of coverage or applicable policy limits, or an inability to obtain adequate coverage, could have a material adverse effect on the Company's business, financial condition and results of operations.

Dilution

The Company's by-laws authorize the Company, in certain circumstances, to issue an unlimited number of shares for the consideration and on those terms and conditions as are established by the Board without the approval of the shareholders, who have no pre-emptive rights in connection with such issuances. In addition, the Company has, and may continue in the future, to issue Common Shares or warrants in connection with acquisitions and care operator or supplier arrangements to better align the interests of certain stakeholders with that of the Company. In the event that the Company proposes to issue additional Common Shares or securities convertible into Common Shares, certain significant shareholders of the Company have pre-emptive rights that enable them to subscribe for

securities of the Company in order to maintain their pro rata ownership, which could further increase dilution. Any further issuance of shares may dilute the interests of existing shareholders.

Collections Risk

While the Company derives most of its revenues from provincial drug plans and other third party insurers that are relatively secure, a portion of its revenues are derived from its patients in the form of co-payments and the provision of non-insured medications and products. To the extent that the Company is unable to collect payments from its customers on a large scale, the Company is required to waive or reduce co-payments, or co-payments are eliminated through regulatory changes, the Company's financial condition could be affected.

Labour Relations

The Company currently operates one pharmacy location that is partially unionized, with certain positions at this site governed by a collective bargaining agreement, which is scheduled to expire December 2028. In the future, it is possible that other locations operated by the Company could unionize. While the relationship with the existing union is positive, there can be no assurance that the Company will not at any time, whether in connection with the renegotiation of the collective agreement or otherwise, experience strikes, labour stoppages or any other type of conflict with unionized employees, or that negotiations with any current or future union could result in higher labour costs to the Company, each of which could have a material adverse effect on the business, operating results and financial condition of the Company.

Accounting, Tax and Legal Rules and Laws

Any changes to accounting, legal and/or tax standards and pronouncements introduced by authorized bodies may impact on the Company's financial performance. Additionally, changes to any of the federal and provincial laws, regulations or policies in jurisdictions where the Company operates could materially affect the Company's operations and its financial performance. The Company may also incur significant costs in order to comply with any proposed changes. Further, the Company may take positions with respect to the interpretation of accounting, tax and legal rules and laws that may be different than the interpretation taken by applicable regulatory authorities. Although the Company believes that its provision for its legal and tax liabilities is reasonable, determining this provision requires significant judgment and the ultimate outcome may differ from the amounts recorded in its financial statements and may materially affect its financial results

in the period or periods for which such determination is made. The Company's failure to comply with laws, regulations or policies may expose the Company to legal or regulatory proceedings which could have a material impact on the Company's financial performance.

Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Company may face risks if there are deficiencies in its internal control over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of the Company.

The Board, in conjunction with its Audit Committee, is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in the Company's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of the shares and CareRx's business, financial condition and results of operations.

Capital Investment

The timing and amount of capital expenditures by the Company may be dependent upon the Company's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional securities in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of the Company and its subsidiaries and their respective cash flows.

Significant Shareholders

There are significant shareholders of the Company that may be long-term holders of the Common Shares in the Company. This has the effect of reducing the public float for the Common Shares, which may, in turn, impact the liquidity for the Common Shares. In addition, relatively low liquidity may adversely affect the price at which the

Common Shares of the Company trade on the listed market. Significant shareholders may also be able to exercise significant influence over any matter requiring shareholder approval in the future. Certain existing shareholders of the Company also have certain rights that other shareholders do not have, including Board nomination rights, pre-emptive rights and registration rights. The future sale of a substantial number of securities by the Company's significant shareholders and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for the Company's securities.

Volatile Market Price for Securities of the Company

The market price for securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including:

- i actual or anticipated fluctuations in the Company's quarterly results of operations;
- ii changes in estimates of future results of operations by the Company or securities research analysts;
- iii changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- iv addition or departure of the Company's executive officers and other key personnel;
- v release or other transfer restrictions on outstanding securities;
- vi sales or perceived sales of additional securities;
- vii the outcome of ongoing litigation;
- viii changes in the Company's dividend policy;
- ix significant acquisitions, dispositions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and,
- x trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets, or in national or global economic, financial and other markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the securities of the Company may decline even if the operating results, underlying asset values or prospects have not changed.

There can be no assurance that fluctuations in price and volume in the Company's securities will not occur as a

result of the foregoing or other related factors, or that the value of the Company's securities will not be adversely affected.

Dividends are not Guaranteed

The declaration and payment of dividends by the Company is at the discretion of the Board of Directors as to the amount and timing of dividends to be declared and paid, after consideration of a number of factors, including general business and industry conditions which may affect CareRx, the Company's financial condition, results of operations, capital requirements, future outlook and business plans. The amount of funds available for payment in connection with dividends will fluctuate with the performance of the Company and cash generated from operations. If the Board of Directors determines that it would be in the Company's best interests, it may reduce the amount and frequency of dividends to be paid and such reductions may significantly affect the market value of the Common Shares.

Ethical Business Conduct

The Company has established policies and procedures, including a Code of Business Conduct, Respect in the Workplace Policy and Whistle Blower Policy, to support a culture with high ethical standards. However, there is no guarantee that the Company's personnel will adhere to these policies and procedures, notwithstanding the Company's efforts to ensure compliance with such policies and procedures. A violation of law, the breach of Company policies or unethical behaviour may impact the Company's reputation, which in turn could negatively affect the Company's financial performance.

The Company Needs to Comply with Financial Reporting and Other Requirements as a Public Company

The Company is subject to reporting and other obligations under applicable Canadian securities laws and TSX rules, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be

materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities.

Management does not expect that Company's disclosure controls and procedures and internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Future Sales of the Company's Securities by Directors and Executive Officers

Subject to compliance with applicable securities laws, directors and executive officers and their affiliates may sell some or all of their securities in the Company in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of the Company's securities prevailing from time to time. However, the future sale of a substantial number of securities by the Company's directors and executive officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for the Company's securities.

Directors and Officers May Have Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and/or officers of other companies, while other directors serve as nominees of certain significant shareholders of the Company. Such persons may, in their personal capacities, deal with parties with whom the Company may be dealing, or may be seeking investments similar to those desired by the Company. Consequently, there exists the possibility for such directors and officers to be in a position of conflict with the Company. Any decision made by any of such directors and officers involving the Company is required

to be made in accordance with their fiduciary duties and obligations to deal fairly and in good faith with a view to the best interests of the Company, and in accordance with the procedures under applicable law.

Proposed Transactions

There are no significant proposed transactions which have not been disclosed.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.



Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(in thousands of Canadian dollars)

Dated: March 4, 2026

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of CareRx Corporation

Opinion

We have audited the consolidated financial statements of CareRx Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="250 506 472 533"><i>Goodwill impairment</i></p> <p data-bbox="250 560 812 741">As at December 31, 2025, the Company's goodwill was \$70.0 million. As disclosed in note 7 of the Company's consolidated financial statements, the Company tests at least annually whether the goodwill asset has suffered any impairment at the cash-generating units ["CGUs"] level.</p> <p data-bbox="250 756 812 995">The Company estimated the recoverable amounts of their CGUs based on a Fair Value Less Cost of Disposal ("FVLCD") approach using a discounted cash flow projection model. The Company has disclosed the significant judgments, estimates and assumptions that were utilized and the result of its analysis in respect of impairment in note 7 to the consolidated financial statements.</p> <p data-bbox="250 1010 812 1344">Auditing management's annual goodwill impairment analysis was complex, given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of each of the respective CGUs. The recoverable amount is sensitive to significant assumptions including cash flow projections, revenue growth rates, operating margins, terminal growth rate and post-tax discount rate, which are affected by expectations about future market and economic conditions.</p>	<p data-bbox="850 552 1382 638">To test the estimated recoverable amount of each CGU, we performed the following procedures, among others:</p> <ul data-bbox="850 646 1414 1864" style="list-style-type: none"> <li data-bbox="850 646 1382 764">• We evaluated the appropriateness of management's use of the discounted cash flow model and tested the mathematical accuracy thereof; <li data-bbox="850 772 1382 1012">• With the assistance of our valuation specialists, we assessed the appropriateness of the Company's impairment model, valuation methodology applied, the various inputs used to estimate the recoverable amount of the CGUs as well as certain significant assumptions, including the terminal growth rate and post-tax discount rate; <li data-bbox="850 1020 1382 1117">• We assessed the selection of the post-tax discount rate by comparing the risk-free rate and risk premiums to comparable market data; <li data-bbox="850 1125 1382 1243">• We assessed the selection of the terminal growth rate by comparing management's estimate to anticipated long-term business performance and Canadian inflation targets; <li data-bbox="850 1251 1414 1612">• We evaluated the reasonableness of management's cash flow projections, revenue growth rate and operating margins by comparing management's past projections to actual results. We also compared management's estimated revenue growth rate and operating margins to internal approved budgets and externally available market and economic trends. In addition, we assessed the historical accuracy of management's estimates on cash flow projections by comparing management's past projections to actual results; <li data-bbox="850 1621 1382 1801">• With the assistance of our valuation specialists, we performed sensitivity analysis on significant assumptions, including the discount rate and revenue growth rate, to evaluate changes in the recoverable amounts that would result from changes in the assumptions; and <li data-bbox="850 1810 1382 1864">• We assessed the adequacy of the Company's disclosures in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adam Steele.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

4 March 2026



Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	13,919	9,084
Restricted cash	480	480
Trade and other receivables (note 4)	32,825	33,072
Income taxes receivable (note 8)	76	76
Inventories (note 5)	17,545	17,671
Prepaid expenses and other current assets	2,170	1,952
	67,015	62,335
Non-current assets		
Property and equipment, net (note 6)	54,259	56,888
Goodwill and intangible assets, net (note 7)	98,899	104,315
Deferred income tax assets (note 8)	22,774	—
Total assets	242,947	223,538
Liabilities		
Current liabilities		
Trade payables and other liabilities (note 9)	54,288	54,682
Current portion of borrowings (note 10)	5,097	5,331
Current portion of contingent consideration (note 3)	876	—
Current portion of lease liabilities (note 13)	2,772	2,789
	63,033	62,802
Non-current liabilities		
Borrowings (note 10)	35,964	39,957
Contingent consideration (note 3)	—	799
Other liabilities	354	1,198
Lease liabilities (note 13)	34,092	34,554
Total liabilities	133,443	139,310
Equity		
Share capital (note 12)	332,491	331,107
Warrants (note 12)	—	583
Contributed surplus	40,591	39,727
Deficit	(263,578)	(287,189)
Total equity	109,504	84,228
Total liabilities and equity	242,947	223,538

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board

"Jeff Watson"
Jeff Watson, Director

"Maria Perrella"
Maria Perrella, Director

Consolidated Statements of Income and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)

	For the years ended December 31,	
	2025	2024
	\$	\$
Revenue (note 2)	370,241	366,714
Cost of pharmacy services and supplies	259,278	258,654
General and administrative expenses (note 15)	99,559	101,281
Transaction, restructuring and other costs (note 16)	1,291	1,490
Goodwill and intangible assets impairment (note 7)	—	764
Income from operations	10,113	4,525
Finance costs, net (note 17)	6,683	9,119
Change in fair value of contingent consideration liability (note 3)	77	(125)
Income/(loss) before income taxes	3,353	(4,469)
Income tax expense (recovery) (note 8)	(22,774)	32
Net income/(loss) for the year	26,127	(4,501)
Basic income/(loss) per common share:	\$0.42	(\$0.07)
Diluted income/(loss) per common share:	\$0.41	(\$0.07)
Weighted average number of common shares outstanding (in thousands) (note 12):		
Basic	62,734	60,254
Diluted	64,491	60,254

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except number of common shares)

	Number of common shares	Share capital \$	Warrants \$	Contributed surplus \$	Equity component of Convertible Debentures \$	Deficit \$	Total \$
Balance at December 31, 2023	59,831,092	323,297	892	33,620	6,405	(282,688)	81,526
RSUs and DSUs exercised (note 12)	625,597	2,361	—	(2,361)	—	—	—
Shares issued on conversion of Convertible Debentures, net of share issuance costs (note 12)	2,083,332	6,250	—	6,405	(6,405)	—	6,250
Warrants expired (note 12)	—	—	(309)	309	—	—	—
Share-based compensation expense	—	—	—	1,754	—	—	1,754
Shares repurchased for cancellation (note 12)	(385,655)	(801)	—	—	—	—	(801)
Net loss for the year	—	—	—	—	—	(4,501)	(4,501)
Balance at December 31, 2024	62,154,366	331,107	583	39,727	—	(287,189)	84,228
Balance at December 31, 2024	62,154,366	331,107	583	39,727	—	(287,189)	84,228
Issuance of shares, net of share issuance costs (note 14)	739,309	1,899	—	—	—	—	1,899
RSUs and DSUs exercised (note 12)	648,178	1,724	—	(1,710)	—	—	14
Warrants expired (note 12)	—	—	(583)	583	—	—	—
Share-based compensation expense	—	—	—	1,991	—	—	1,991
Shares repurchased for cancellation (note 12)	(760,358)	(2,239)	—	—	—	—	(2,239)
Distributions to Shareholders	—	—	—	—	—	(2,516)	(2,516)
Net Profit for the year	—	—	—	—	—	26,127	26,127
Balance at December 31, 2025	62,781,495	332,491	—	40,591	—	(263,578)	109,504

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	For the years ended December 31,	
	2025	2024
Cash provided by (used in):	\$	\$
Operating activities		
Net income/(loss) for the year	26,127	(4,501)
Adjustments for:		
Finance costs, net (note 17)	6,683	9,119
Loss on disposal of assets (note 15)	479	676
Depreciation of property and equipment (note 6)	10,262	9,361
Amortization of finite-life intangible assets (note 7)	8,071	9,829
Income taxes received	—	140
Income tax expense (recovery) (note 8)	(22,774)	32
Share-based compensation expense (note 15)	2,715	3,652
Intangible assets impairment (note 7)	—	764
Change in fair value of contingent consideration liability (note 3)	77	(125)
Interest received (note 17)	161	63
Net change in non-cash working capital items (note 19)	(988)	8,981
Cash provided by operating activities	30,813	37,991
Investing activities		
Proceeds on disposal of property, equipment and intangible assets	39	196
Purchase of property and equipment (note 6)	(5,585)	(5,588)
Purchase of intangible assets (note 7)	(2,713)	(2,526)
Cash used in investing activities	(8,259)	(7,918)
Financing activities		
Proceeds from Term Loan and other (note 10)	1,000	1,800
Repayment of Term Loan (note 10)	(4,918)	(3,525)
Repayment of Operating Loan, net of proceeds (note 10)	—	(14,000)
Interest paid	(3,277)	(5,835)
Transfer to restricted cash	—	200
Repayment of leases	(6,640)	(5,857)
Repurchase of shares for cancellation (note 12)	(2,239)	(801)
Repayment of Hogan Vendor Take-Back Note (note 10)	(400)	—
Net proceeds from common shares issued (note 12)	14	—
Dividends Paid	(1,259)	—
Cash used in financing activities	(17,719)	(28,018)
Net increase (decrease) in cash and cash equivalents	4,835	2,055
Cash and cash equivalents, beginning of year	9,084	7,029
Cash and cash equivalents, end of year	13,919	9,084

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

1. Corporate Information

CareRx Corporation, together with its subsidiaries (collectively, "CareRx" or the "Company"), is incorporated under the *Canada Business Corporations Act*. The Company is listed on the Toronto Stock Exchange (the "TSX") and is incorporated and domiciled in Canada. The address of the Company's registered office is 320 Bay Street, Suite 1200, Toronto, Ontario.

The Company's principal business is providing pharmacy services to seniors homes and other congregate care settings in Canada.

2. Material Accounting Policies

Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations as issued by the International Accounting Standards Board ("IASB") (together, "IFRS") that are effective as at and for the year ended December 31, 2025. The Company has consistently applied the same accounting policies throughout all years presented as if these policies had always been in effect, unless otherwise noted.

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of derivative financial instruments and contingent consideration to fair value. The material accounting policies used in the preparation of these consolidated financial statements are described below.

These consolidated financial statements were approved by the Board of Directors (the "Board") on March 4, 2026.

New standards, amendments and interpretations not yet adopted by the Company

A number of new standards, amendments and annual improvements are not mandatory for reporting periods beginning January 1, 2025 and have not been early adopted by the Company. These standards, amendments and annual improvements are not expected to have a material impact on the Company in the current or future reporting periods, except for:

- IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), will replace IAS 1, whilst retaining many of the principles from IAS 1 with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements; or which items are presented in other comprehensive income or how, but will result in changes in the presentation of the financial statements and related disclosures. IFRS 18 becomes effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Consolidation

These consolidated financial statements incorporate the assets, liabilities and financial results of CareRx and its wholly-owned subsidiaries.

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

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

Recognition of contingent consideration

The Company recognizes the contingent consideration relating to its business acquisitions at fair value at the date the transaction closes and revalues the components of contingent consideration recognized as a financial liability at each subsequent reporting date and on settlement. Contingent consideration that will be settled by delivering a fixed number of common shares is classified as equity and not revalued at each subsequent reporting date. The purchase price of most acquisitions is subject to the performance of the businesses being acquired. Any contingent shares are either issued in escrow and subsequently released to the vendor, or will be issued at a later date, and can vary based on the business being acquired achieving predetermined performance targets over a specified period.

In addition, warrants may be issued when these performance targets are exceeded. The exercise price of the warrants is based on the Company's share price at the date of closing of the transaction or at a premium to the Company's share price at the date of closing of the transaction. When the number of shares and warrants to be issued varies depending on the level of performance achieved, the fair value of the contingent consideration to be settled in shares or warrants is also recorded as a financial liability irrespective of the fact that this obligation may be settled on a non-cash basis through the issuance of shares and warrants.

Share-based contingent consideration, consisting of the Company's shares and warrants to be released from escrow or issued, is based on the acquired businesses achieving predetermined performance targets and is estimated as at the date of acquisition taking into consideration the quoted market prices of the Company's common shares as at the dates of acquisition and the probability of achieving the performance targets. Subsequent changes in fair value between reporting periods are recognized in the consolidated statement of income and comprehensive income. Changes in fair value arise as a result of changes in the Company's share price and changes in the estimated probability of the acquired entities achieving their performance targets.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Shares issued or released from escrow in the final settlement of contingent consideration are recognized in share capital at their fair value at the time of issuance or release with a corresponding reduction in the contingent consideration liability. The current portion of contingent consideration is based on the Company's estimate of the value that will be payable within twelve months.

Segment reporting

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

Financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from these assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the requirements to pay cash flows on these liabilities have expired or have been transferred and the Company no longer has an obligation to settle with a counterparty.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instrument was acquired:

Non-derivative financial assets and liabilities measured at amortized cost

Non-derivative financial assets that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, that are held with the intention of collecting contractual cash flows, are recorded at amortized cost. The Company's non-derivative financial assets comprise of cash and cash equivalents, restricted cash and trade and other receivables, and are included in current assets when due in less than one year. Non-derivative financial assets are initially recognized at the amount expected to be received less, when material, a discount to reduce trade and other receivables to fair value. Subsequently, trade and other receivables are measured at amortized cost using the effective interest rate method, less any allowance for expected credit losses ("ECLs").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Non-derivative financial liabilities are measured at amortized cost using the effective interest rate method, unless they are required to be measured at fair value through profit and loss ("FVTPL"), or the Company has opted to measure them at FVTPL. Non-derivative financial liabilities at amortized cost include trade payables and other liabilities, lease liabilities and borrowings. These non-derivative financial liabilities are initially recognized at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest rate method.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables and other liabilities are classified as current liabilities if payment is due within twelve months; otherwise, they are presented as non-current liabilities.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for greater than twelve months.

Financial assets and liabilities measured at FVTPL

Financial assets and liabilities measured at FVTPL are assets and liabilities that do not qualify as financial assets and financial liabilities at amortized cost or at fair value through other comprehensive income. Derivative financial instruments are recorded at FVTPL unless they are designated as hedges. The Company's financial assets recorded at FVTPL include derivative financial instruments. The Company's financial liabilities recorded at FVTPL include contingent consideration liabilities, embedded derivatives within convertible borrowings. Assets and liabilities in this category are classified as current assets and liabilities if they are expected to be settled within twelve months; otherwise, they are classified as non-current assets or non-current liabilities.

Dividends received from financial assets measured at FVTPL are recognized as other income in the consolidated statement of income and comprehensive income when the right to receive the payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment.

Embedded derivatives are separated from the host contract and are accounted for separately if certain criteria are met. Derivatives are recognized initially at FVTPL; any directly attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit or loss.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the consolidated statement of income and comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment is recognized in the consolidated statement of income and comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows are comprised of cash in banks, including savings accounts. Cash and cash equivalents are measured at amortized cost. Interest income is recognized by applying the effective interest rate method.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Trade and other receivables

Trade and other receivables are amounts due for goods sold and services rendered in the ordinary course of business. Trade and other receivables also include accrued receivables, which are amounts for services rendered and not yet invoiced or billed to customers.

Inventories

Inventories consisting of pharmaceutical products are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision for impairment involves significant management judgment and includes the review of inventory aging and an assessment of cost recoverability.

Property and equipment, net

Property and equipment, net are stated at cost, less accumulated depreciation and impairment losses. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs for day-to-day servicing are charged to the consolidated statement of income and comprehensive income during the period in which they are incurred. If the replacement of a part of an item of property and equipment meets the recognition criteria, then the carrying value of the part of such an item is included as property and equipment.

The major categories of property and equipment are depreciated as follows:

Office furniture, fixtures and equipment	3 - 10 years straight-line
Computer equipment	7 years or 30% declining balance
Packaging equipment	10 - 15 years straight-line
Vehicles	5 years or 30% declining balance
Leasehold improvements	Straight-line over the term of the lease

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and separately depreciates each part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted, if appropriate.

Gains or losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of income from operations in the consolidated statement of income and comprehensive income.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Leases

The Company leases assets including properties, equipment and vehicles.

At inception of the arrangement, the Company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in return for consideration. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income and comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Intangible assets

Finite life intangible assets

Intangible assets acquired through purchase are initially measured at cost. Intangible assets acquired through business combinations are initially measured at fair value as at the date of acquisition. The Company's finite life intangible assets include licences, computer software, contracts, customer relationships, trademarks, brands and non-compete arrangements with a finite useful life. These assets are amortized on a straight-line basis in the consolidated statement of income and comprehensive income as follows:

Licences	Term of the licence
Computer software	7 years or 30% declining balance
Contracts	Term of the contract
Customer relationships	5 to 10 years
Trademarks and brands	Up to 10 years
Non-compete arrangements	Term of the arrangement

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to a cash generating unit or a group of cash generating units (together, "CGUs"), which corresponds to the level at which goodwill is internally monitored. The recoverable amount is the higher of value in use ("VIU") and fair value less costs of disposal. An impairment of goodwill is recognized for any excess of the carrying amount of the CGUs over its recoverable amount.

Indefinite life intangible assets

As at December 31, 2025 and 2024, the Company's indefinite life intangible assets included its Ontario pre-1954 charter companies. These assets were acquired through business combinations and were initially measured at fair value as at the date of acquisition. Subsequently, these assets are carried at cost less accumulated impairment losses.

Impairment of non-financial assets

Goodwill and Intangible assets that have an indefinite useful life are tested annually for impairment and whenever events or changes in circumstances arise. Other long-term tangible and intangible assets are tested whenever an indicator of impairment exists. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognized in the consolidated statement of income and comprehensive income. The recoverable amount of an asset is the higher of its fair value, less costs of disposal ("FVLCD"), and VIU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Impairment losses on goodwill are not reversed.

Non-financial assets, other than goodwill, that have previously been impaired are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Company performs evaluations each reporting period to identify potential obligations.

Share capital and warrants

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Warrants that are classified as equity are initially measured at fair value. The fair value of the warrants are not remeasured in subsequent periods. Warrants are transferred to common shares when they are exercised based on the terms of each individual agreement. If warrants expire unexercised, the amount initially recorded is transferred to contributed surplus.

When the Company repurchases its own shares, the consideration paid, including any directly attributable incremental costs, net of the related income tax effects, is deducted from equity attributable to the Company's shareholders. Where such common shares are not cancelled and subsequently reissued, any consideration received, net of any directly attributable incremental share issuance costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Income taxes

Income taxes for the year are comprised of current and deferred income taxes. Income taxes are recognized in the consolidated statement of income and comprehensive income, except to the extent that they relate to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

Current income taxes

Current income tax expense is based on the results of the year, as adjusted for items that are not taxable or not deductible. Current income taxes are calculated using tax rates and laws that are substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to the taxation authorities.

Deferred income taxes

Deferred income taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted as at the date of the consolidated statement of financial position and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent it is probable that the assets can be recovered.

Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are presented as non-current assets or liabilities.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied or services rendered, net of discounts and returns.

The Company's revenue was derived as follows:

	For the years ended December 31,	
	2025	2024
Sale of goods	81%	80%
Capitated pharmacy service fees	18%	18%
Rendering of other pharmacy services	1%	2%
Total	100%	100%

During the year ended December 31, 2025, geographically, 64% and 36% of the Company's revenue was derived from Eastern Canada and Western Canada, respectively (2024 - 62% and 38%).

Sale of Goods

Revenue is recognized at the point in time in which the prescription drugs or other over-the-counter products are delivered to the customer, as the performance obligation related to the sale of these goods and any applicable dispensing fees is satisfied at that time with the customer gaining control of the goods.

Capitated Pharmacy Service Fees

Revenue related to capitated pharmacy service fees is recognized over the period that the capitated pharmacy service fees relate to.

Rendering of Other Pharmacy Services

Revenue related to the rendering of other pharmacy services is recognized at the point in time in which the services are rendered. Other pharmacy services represent a distinct service from the sale of goods or capitated pharmacy service fees, with a separate transaction price.

For customers with coverage for prescriptions either through a provincial health plan or third-party insurer, claims are submitted to the government and/or insurance companies and payment for eligible claims is remitted to the Company once or twice a month, depending on the insurer. For amounts payable directly by the customers, generally, statements are sent to the customers on a monthly basis, with payments due no later than 30 days.

Deferred revenue and other deferred amounts

Deferred revenue or other deferred amounts arise from upfront payments received by the Company in consideration for future commitments as specified in its various arrangements. The accounting for such arrangements is dependent on the facts and terms of each of the arrangements. Amounts recognized as deferred revenue or other deferred amounts are recognized in the consolidated statement of income and comprehensive income when services are performed or amortized into profit or loss on a straight-line basis over the term of the arrangements.

Cost of pharmacy services and supplies

Cost of pharmacy services and supplies includes the cost of pharmacy and other healthcare professionals, supplies used in rendering pharmaceutical services and the cost of pharmaceutical products sold. These costs exclude any corporate or administrative costs incurred by the Company.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Share-based payments

The Company operates a long-term incentive plan under which the Company issues equity instruments of the Company as consideration in exchange for employee or director services (the "Plan"). The Plan is open to certain directors and employees of the Company. The Plan regulates the issuance of the following equity instruments: stock options, deferred share units ("DSUs") and restricted share units ("RSUs").

The maximum number of common shares which may be issued under the Plan cannot exceed 10% of the common shares issued and outstanding at any given time, calculated on a non-diluted basis. Grants held by non-employee directors of the Company are at all times limited to no more than 1% of the common shares issued and outstanding, calculated on a non-diluted basis, and the total annual grant to any one non-employee director under the Plan cannot exceed a grant value of \$150,000 in total equity.

Stock options

The Company may decide to issue stock options as consideration in exchange for employee or director services. Stock options typically vest over three to four years and expire after five years. The fair value of the grant of the stock options is recognized in the consolidated statement of income and comprehensive income as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions.

The fair value of stock options is estimated using the Black-Scholes option pricing model. This model requires the input of a number of assumptions, including expected dividend yield, expected share price volatility, expected time until exercise and risk-free interest rates. Although the assumptions used reflect historical performance and management's best estimates, they involve inherent uncertainties based on conditions outside the Company's control. Changes in these assumptions could significantly impact the valuation of the share-based payment expense.

The contributed surplus within shareholders' equity is reduced as the stock options are exercised. If the stock options are exercised, the amount initially recorded for the stock options in contributed surplus is credited to common shares, along with the proceeds received on the exercise. If the stock options expire unexercised, the amount initially recorded for the stock options remains in contributed surplus.

RSUs

The Company may decide to issue RSUs as consideration in exchange for employee or director services. RSUs typically vest over three years. The fair value of the grant of the RSUs is recognized as a share-based compensation expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting date, the Company revises its estimates of the number of RSUs that are expected to vest based on the non-market vesting conditions. The fair value of RSUs is estimated using the Company's quoted market price on the grant date.

DSUs

The Company may issue DSUs as consideration in exchange for director or officer services. DSUs typically vest over three years. The fair value of the grant of the DSUs is recognized as a share-based compensation expense. The total amount to be expensed is determined by reference to the fair value of the DSUs granted.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting date, the Company revises its estimates of the number of DSUs that are expected to vest based on the non-market vesting conditions. The fair value of DSUs is estimated using the Company's quoted market price on the grant date.

Earnings per share

Basic earnings per share ("EPS") amounts for net income or loss are calculated by dividing the net income or loss for the year attributable to equity owners of the Company by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The Company's potentially dilutive instruments are comprised of share options granted to employees, RSUs, convertible debentures and warrants.

Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning its financial future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment testing of goodwill and indefinite life intangible assets

The Company tests, at least annually, whether goodwill or indefinite life intangible assets have suffered any impairment, in accordance with the requirements of IAS 36, *Impairment of Assets*. The recoverable amounts of CGUs or groups of CGUs have been determined based on the greater of their FVLCD and VIU. These calculations require the use of estimates.

Valuation of deferred tax assets and tax provisions

In assessing the realization of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the period in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

The Company assesses any potential tax uncertainties at each reporting period in order to assess whether any provisions are required for these uncertainties.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

3. Contingent Consideration

The fair value of contingent consideration is an estimate. The valuation model considers possible scenarios of forecast performance metrics, the amount to be paid under each scenario and the probability of each scenario. The fair value is dependent on certain inputs such as forecast earnings, non-financial metrics, risk-adjusted discount rates and the Company's share price.

The continuity of the contingent consideration liability to be settled in cash and common shares is as follows:

	Hogan \$	Other \$	Total \$
Balance at December 31, 2023	719	205	924
Change in fair value during the year	80	(205)	(125)
Balance at December 31, 2024	799	—	799
Change in fair value during the year	77	—	77
Balance at December 31, 2025	876	—	876
Less: Current portion	876	—	876
Non-current portion December 31, 2025	—	—	—

On May 30, 2022, the Company recorded a contingent consideration liability related to a portion of the vendor take-back note that was issued as part of the consideration for the acquisition of the long-term care pharmacy business of Hogan Pharmacy Partners Ltd. ("Hogan") (note 10). This portion of the vendor take-back note, with a maximum principal value of \$800, is payable on the fourth anniversary of the closing date and is subject to downward adjustment to the extent that certain growth targets are not achieved over the four-year period.

As at December 31, 2025 and December 31, 2024, the Company estimated the probability of meeting the growth targets to be 100%. As at December 31, 2025 and December 31, 2024, the fair value of the contingent consideration liability was estimated based on a risk-adjusted discount rate of 7.2% and 8.7%, respectively. As at December 31, 2025, the expected range of potential undiscounted amounts payable remaining is between nil and \$800.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

4. Trade and Other Receivables

Trade and other receivables as at December 31, 2025 and 2024 are comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Trade receivables, net of provision (note 13)	32,390	32,429
Indirect taxes receivable	435	643
Total	32,825	33,072

5. Inventories

The Company's December 31, 2025 inventories balance of \$17,545 (2024 - \$17,671) consisted of pharmaceutical products and medical supplies. Inventories are pledged as security as part of the Company's lending agreements as outlined in note 10. During the year ended December 31, 2025 inventories expensed to cost of pharmacy services and supplies were \$169,440 (2024 - \$171,862).

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

6. Property and Equipment, net

	Office furniture, fixtures and equipment \$	Computer equipment \$	Packaging equipment \$	Vehicles \$	Leasehold improvements \$	Right-of-use assets - properties \$	Right-of-use assets - equipment \$	Right-of-use assets - vehicles \$	Total \$
Year ended December 31, 2024									
Cost									
Balance at December 31, 2023	12,352	14,612	9,627	314	9,242	29,377	2,367	995	78,886
Additions	1,183	2,041	166	—	2,824	7,888	598	371	15,071
Disposals	(908)	(980)	(19)	(111)	(94)	(1,478)	(36)	(341)	(3,967)
Balance at December 31, 2024	12,627	15,673	9,774	203	11,972	35,787	2,929	1,025	89,990
Accumulated depreciation and impairment losses									
Balance at December 31, 2023	(4,879)	(6,723)	(5,339)	(283)	(2,408)	(6,169)	(566)	(382)	(26,749)
Depreciation	(1,376)	(2,171)	(898)	(17)	(1,146)	(2,885)	(539)	(329)	(9,361)
Disposals	704	560	7	97	53	1,259	36	292	3,008
Balance at December 31, 2024	(5,551)	(8,334)	(6,230)	(203)	(3,501)	(7,795)	(1,069)	(419)	(33,102)
Year ended December 31, 2025									
Cost									
Balance at December 31, 2024	12,627	15,673	9,774	203	11,972	35,787	2,929	1,025	89,990
Additions	2,661	1,804	747	19	354	1,330	1,177	410	8,502
Disposals	(962)	(2,183)	(61)	(41)	(417)	(1,080)	(79)	(328)	(5,151)
Balance at December 31, 2025	14,326	15,294	10,460	181	11,909	36,037	4,027	1,107	93,341
Accumulated depreciation and impairment losses									
Balance at December 31, 2024	(5,551)	(8,334)	(6,230)	(203)	(3,501)	(7,795)	(1,069)	(419)	(33,102)
Depreciation	(1,790)	(2,081)	(896)	(4)	(1,465)	(2,940)	(742)	(344)	(10,262)
Disposals	822	1,775	49	41	391	883	78	243	4,282
Balance at December 31, 2025	(6,519)	(8,640)	(7,077)	(166)	(4,575)	(9,852)	(1,733)	(520)	(39,082)
Net carrying value									
As at December 31, 2024	7,076	7,339	3,544	0	8,471	27,992	1,860	606	56,888
As at December 31, 2025	7,807	6,654	3,383	15	7,334	26,185	2,294	587	54,259

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

7. Goodwill and Intangible Assets, net

	Goodwill \$	Licences \$	Contracts \$	Computer software \$	Customer Relation- ships \$	Trade- marks and Brands \$	Total Intangible Assets \$	Total \$
Year ended December 31, 2024								
Cost								
Balance at December 31, 2023	118,308	1,820	35,108	2,109	50,105	4,295	93,437	211,745
Additions	—	—	464	138	—	—	602	602
Disposals	—	—	(35)	(330)	—	—	(365)	(365)
Balance at December 31, 2024	118,308	1,820	35,537	1,917	50,105	4,295	93,674	211,982
Accumulated amortization and impairment losses								
Balance at December 31, 2023	(48,297)	—	(24,167)	(1,512)	(22,164)	(1,262)	(49,105)	(97,402)
Amortization	—	—	(4,628)	(158)	(4,508)	(535)	(9,829)	(9,829)
Impairment	—	—	—	—	(764)	—	(764)	(764)
Disposals	—	—	25	303	—	—	328	328
Balance at December 31, 2024	(48,297)	—	(28,770)	(1,367)	(27,436)	(1,797)	(59,370)	(107,667)
Year ended December 31, 2025								
Cost								
Balance at December 31, 2024	118,308	1,820	35,537	1,917	50,105	4,295	93,674	211,982
Additions	—	—	2,124	589	—	—	2,713	2,713
Disposals	—	—	—	(270)	—	—	(270)	(270)
Balance at December 31, 2025	118,308	1,820	37,661	2,236	50,105	4,295	96,117	214,425
Accumulated amortization and impairment losses								
Balance at December 31, 2024	(48,297)	—	(28,770)	(1,367)	(27,436)	(1,797)	(59,370)	(107,667)
Amortization	—	—	(3,317)	(169)	(4,050)	(535)	(8,071)	(8,071)
Disposals	—	—	—	212	—	—	212	212
Balance at December 31, 2025	(48,297)	—	(32,087)	(1,324)	(31,486)	(2,332)	(67,229)	(115,526)
Net carrying value								
As at December 31, 2024	70,011	1,820	6,767	550	22,669	2,498	34,304	104,315
As at December 31, 2025	70,011	1,820	5,574	912	18,619	1,963	28,888	98,899

As at December 31, 2025 and 2024, the Company had indefinite life intangible assets of \$1,820, consisting solely of Licences.

During the years ended December 31, 2025 and 2024, an impairment loss of nil and \$764, respectively, was recognized with respect to a portion of the customer relationships intangible asset that was acquired as part of historical acquisitions.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

7. Goodwill and Intangible Assets - continued

Annual impairment testing of goodwill

During 2025, the Company had the following CGUs: Pharmacy - Eastern Canada and Pharmacy - Western Canada.

As at October 1, 2025, the Company performed its annual impairment testing of goodwill and indefinite life intangible assets. The recoverable amount of the two CGUs was determined based on FVLCD. The Company used a discounted cash flow projection model for these CGUs. Significant inputs and assumptions used in FVLCD included post-tax cash flows from operations based on the Company's approved budget for the year ended December 31, 2025, revenue growth rates, operating margins and discount rates. In arriving at its forecasts, the Company considered past and current experience, economic trends and inflation, as well as industry and market trends.

The recoverable amount of the Company's CGUs is considered to be a Level 3 fair value calculation as described in note 13. The significant assumptions used by the Company in its goodwill impairment testing as at October 1, 2025 were as follows:

CGU	Terminal growth	Post-tax discount
	rate	rate
Pharmacy - Eastern Canada	2.0%	12.3%
Pharmacy - Western Canada	2.0%	13.0%

For each of these CGUs, the recoverable amount calculated was in excess of the carrying value as at October 1, 2025. The determination of recoverable amounts is sensitive to assumptions depending on events and economic conditions. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount for the Company's CGUs.

8. Income Taxes

The major components of income tax recovery for the years ended December 31, 2025 and 2024 are:

	December 31, 2025	December 31, 2024
	\$	\$
Current income tax expense (recovery)	—	32
Deferred income tax recovery	22,774	—
Total	22,774	32

The total provision for income taxes varies from the amounts that would be computed by applying the applicable Canadian federal and provincial statutory income tax rates of approximately 24.21% (2024 - 24.13%). Permanent differences for the years ended December 31, 2025 and 2024 arose as a result of contingent consideration, share-based compensation and other expenses, as these amounts have been recorded for accounting purposes but will never be realized as a deduction for income tax purposes.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

8. Income Taxes - continued

	December 31, 2025	December 31, 2024
	\$	\$
Income/(loss) before income taxes	3,353	(4,469)
Expected income tax recovery based on statutory tax rate	811	(1,078)
Impact from non-deductible items	699	887
Recognition of previously unrecognized deferred tax asset	(25,326)	830
Provision to return and other adjustments	1,091	(709)
Change in the applicable Canadian federal and provincial statutory income tax rates	17	(111)
Other	(66)	213
Income tax expense (recovery)	(22,774)	32

Deferred income tax assets and liabilities are presented on a net basis by legal entity on the consolidated statement of financial position. The components of net deferred income tax liabilities recognized are as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Property and equipment	4,272	—
Goodwill and intangible assets	4,835	1,806
Financing costs	111	—
Unused tax losses and capital losses	12,786	—
Other deferred amounts	10,841	7,910
Deferred income tax assets	32,845	9,716
Property and equipment	1,670	858
Goodwill and intangible assets	779	753
Other	7,622	8,105
Deferred income tax liabilities	10,071	9,716
Net deferred income tax assets recognized	22,774	—

	December 31, 2025	31 December 2024
	\$	\$
Net deferred tax liabilities, beginning of year	—	—
Recognized in consolidated statement of income and comprehensive income	22,774	—
Net deferred tax assets, end of year	22,774	—

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that the Company will be able to realize these benefits. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company has recognized \$22,774 of previously unrecognized deferred tax assets given it has become probable that future taxable profits will allow the deferred tax assets to be recovered. As at December 31, 2025, the Company had unused non-capital loss carry-forwards of \$52,337 (December 31, 2024 - \$59,952), of which \$51,673 have been recognized as at December 31, 2025 (December 31, 2024 - nil). These losses can be carried forward against future taxable income and expire between 2034 to 2042.

As at December 31, 2025, the Company had unrecognized capital loss carry-forwards of \$2,713 (December 31, 2024 - 2,713).

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

9. Trade Payables and Other Liabilities

Trade payables and other liabilities are comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Trade payables	33,893	31,830
Accrued liabilities	12,549	16,426
Salaries, wages and employee benefits payable	4,659	4,289
Dividends declared	1,256	—
Deferred revenue	758	822
Severance costs	157	124
Other liabilities	1,016	1,191
Total	54,288	54,682

Other liabilities are related to multi-year agreements with national customers, of which \$1,016 is due within the next 12 months (December 31, 2024 - \$1,191). The liabilities were initially recognized at their aggregate fair values and subsequently measured at amortized cost using the effective interest rate method. As at December 31, 2025, the aggregate carrying value of the liabilities was \$1,370 (December 31, 2024 - \$2,389).

10. Borrowings

Borrowings consist of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Term Loan & other	41,061	44,875
Hogan Vendor Take-Back Note (note 3)	—	413
Total borrowings	41,061	45,288
Less current portion of borrowings:		
Term Loan & other	5,097	4,918
Hogan Vendor Take-Back Note	—	413
Total current portion of borrowings	5,097	5,331
Total non-current portion of borrowings	35,964	39,957

As at December 31, 2025, the current portion of borrowings did not include any interest accrued and payable within twelve months following the consolidated statement of financial position date (December 31, 2024 - \$22).

Substantially all of the Company's assets are pledged as security for the above borrowings.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

10. Borrowings - continued

Term Loan and Operating Loan

On December 21, 2023, the Company entered into a comprehensive refinancing transaction led by a Canadian Schedule I chartered bank and arranged and managed by Crown Private Credit Partners Inc. ("CPCP"). Under the terms of the refinancing, CPCP provided a senior secured revolving operating loan of up to \$20,000 (the "Operating Loan") and a \$50,000 senior secured term loan (the "Term Loan", and together with the Operating Loan, the "Credit Facilities"), of which \$14,000 and \$47,000 were advanced, respectively, on December 21, 2023 with future draws on the Term Loan available to fund certain capital expenditures.

The Credit Facilities have a five-year term with quarterly repayments of the Term Loan starting in the first quarter of 2024. The Credit Facilities accrue interest at a floating annual interest rate of prime plus between 2.0% and 2.75% based on the Company's performance against applicable financial covenants. Additionally, undrawn portions of the Operating Loan incur a standby fee at an annual rate ranging between 0.35% and 0.50% of the undrawn Operating Loan based on the Company's performance against applicable financial covenants. Accrued interest and standby fees are paid quarterly. The Company recognizes standby fees as an accretion expense (note 17).

The Credit Facilities contain a number of customary positive and negative covenants, including a requirement to comply with certain financial covenants. These also include restrictions on incurring additional indebtedness, making certain investments or acquisitions and selling assets of the Company.

During the year ended December 31, 2025, the Company made draws in the aggregate amount of \$500 on the Term Loan to fund certain capital expenditures.

As at December 31, 2025, the Company was in compliance with its Credit Facilities' covenants.

Hogan Vendor Take-Back Note

On May 30, 2022, the Company recorded a financial liability related to a portion of the vendor take-back note that was issued as part of the consideration for the acquisition of the long-term care pharmacy business of Hogan (the "Hogan Vendor Take-Back Note"). This portion of the Hogan Vendor Take-Back Note, with a principal value of \$1,400, is payable over the four years following Hogan acquisition closing and accrues interest at an annual rate of 5%.

On May 30, 2025, the Company made a repayment of \$400 on the outstanding principal balance and settled the outstanding principal and accrued interest on the Hogan Vendor Take Back Note.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

11. Other Deferred Amounts

Preferred drug supplier agreement

On December 18, 2024, the Company entered into an amending agreement with preferred drug supplier, which extended the committed term of the existing arrangement and introduced an additional Business Development Fund. This amendment was intended to strengthen the strategic partnership between the parties and to further support the Company's growth initiatives, including the acquisition and servicing of new beds. The Business Development Fund is designed to provide financial incentives and resources to assist in expanding its customer base and enhancing operational capacity during the extended term of the agreement. In addition, the supplier paid \$400 to support innovative programs and solutions, as well as organic and acquisitive growth strategies of the Company.

12. Shareholders' Equity and Earnings per Share

Authorized share capital consists of an unlimited number of common shares with no par value. The number of common shares issued and outstanding is as follows:

For the year ended (\$ thousands, except share amounts)	December 31, 2025		December 31, 2024	
	Common shares	Stated value \$	Common shares	Stated value \$
Common shares				
Balance, beginning of year	62,154,366	331,107	59,831,092	323,297
Issuance of shares, net of share issuance costs	739,309	1,899	—	—
RSUs, DSUs and options exercised	648,178	1,724	625,597	2,361
Shares repurchased for cancellation	(760,358)	(2,239)	(385,655)	(801)
Conversion of Convertible Debentures, net of share issuance costs	—	—	2,083,332	6,250
Balance, end of year	62,781,495	332,491	62,154,366	331,107

The number of common shares considered to be issued for financial reporting purposes is exclusive of restricted shares issued and common shares issued in trust or held in escrow pending the achievement of certain stated milestones or performance targets.

Normal Course Issuer Bid

On September 7, 2023, the Company launched its normal course issuer bid (the "NCIB") to repurchase for cancellation up to 1,000,000 of the Company's common shares during the period from September 7, 2023 to September 6, 2024, subject to certain daily limitations.

On September 3, 2024, the TSX approved the renewal of the Company's NCIB to repurchase for cancellation up to 1,500,000 of its common shares during the period from September 7, 2024 to September 6, 2025.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

12. Shareholders' Equity and Earnings per Share - continued

Additionally, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker to allow for the purchase of shares under the NCIB during pre-determined times when the Company would ordinarily not be permitted to purchase shares due to regulatory restrictions and customary blackout periods. The Company has authorized the designated broker to make purchases under the NCIB in accordance with the terms of the ASPP. Such purchases will be determined by the designated broker at its sole discretion based on certain parameters as to price and number of Shares set by the Company in accordance with the rules of the TSX, applicable securities laws and the terms of the ASPP. The ASPP will terminate when the NCIB expires, unless terminated earlier in accordance with the terms of the ASPP. Outside of pre-determined blackout periods, the Company may repurchase its shares under the NCIB based on management's discretion, in compliance with TSX rules and applicable securities laws.

During the year ended December 31, 2025, the Company repurchased and cancelled 760,358 of its common shares at an average price of \$2.94 per common share for a total cost of \$2,239 (2024 - 385,655 common shares at an average price of \$2.07 per common share for a total cost of \$801).

Subsequent to the year ended December 31, 2025, and as of the date of these consolidated financial statements, the Company repurchased and cancelled 51,450 of its common shares at an average price of \$3.86 per common share for a total cost of \$0.2 million.

Issuance of common shares

During the years ended December 31, 2025 and 2024, the Company issued 648,178 and 625,597 common shares, respectively, related to RSUs and DSUs issued to management, employees and directors that vested.

Issuance of RSUs and DSUs

RSUs and DSUs vest over a period of three years on each anniversary of the grant date unless a different vesting schedule is approved by the Board. DSUs are only eligible to be converted into common shares of the Company when the holder ceases to be employed by the Company.

The Company's outstanding RSUs and DSUs are as follows:

For the year ended	December 31, 2025	December 31, 2024
RSUs and DSUs	Units	Units
Balance, beginning of year	1,467,629	1,207,497
RSUs and DSUs granted	882,705	1,124,956
RSUs and DSUs released	(641,928)	(625,597)
RSUs and DSUs forfeited	(110,590)	(239,227)
Dividend Reinvestment	8,964	—
Balance, end of year	1,606,780	1,467,629

The weighted-average remaining term to vest for RSUs and DSUs outstanding as at December 31, 2025 is 1.53 years.

During the year ended December 31, 2025, the Company had the following RSU and DSU grants:

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

12. Shareholders' Equity and Earnings per Share - continued

Grant date	Units granted	Granted to	Vesting conditions	Fair valued based on the quoted market price of issuance per common share
March 31, 2025	730,452	Management and employees of the Company	Vest over three years	\$2.76
March 31, 2025	10,168	Directors of the Company	Vest immediately	\$2.76
June 19, 2025	120,767	Directors of the Company	Vest over three years	\$2.91
June 30, 2025	4,701	Directors of the Company	Vest over three years	\$2.73
August 1, 2025	5,000	Directors of the Company	Vest immediately	\$2.86
September 30, 2025	5,384	Directors of the Company	Vest immediately	\$2.91
October 15, 2025 [Reinvested]	7,282	Management and employees of the Company	Vest over three years	\$3.56
October 15, 2025 [Reinvested]	1,682	Directors of the Company	Vest over three years	\$3.56
December 31, 2025	6,233	Directors of the Company	Vest immediately	\$3.51

On September 15, 2025, the Company announced a cash dividend of \$0.02 per outstanding common share, in connection with which holders of outstanding RSUs and DSUs were awarded dividend equivalent units at a rate of \$0.02 per unit. Dividend equivalent units attributable to RSUs and DSUs were satisfied through the issuance of additional equity awards pursuant to the terms of the Company's long-term incentive plan, resulting in the issuance of 8,964 RSUs and DSUs. Dividend equivalent units will vest on the same basis as the awards on which securities were granted.

During the year ended December 31, 2024, the Company had the following RSU and DSU grants:

Grant date	Units granted	Granted to	Vesting conditions	Fair valued based on the quoted market price of issuance per common share
March 27, 2024	927,855	Management and employees of the Company	Vest over three years	\$1.95
March 28, 2024	13,962	Directors of the Company	Vest immediately	\$2.05
May 29, 2024	152,405	Directors of the Company	Vest over three years	\$2.09
June 28, 2024	11,000	Directors of the Company	Vest immediately	\$2.25
September 30, 2024	9,009	Directors of the Company	Vest immediately	\$1.85
December 31, 2024	10,995	Directors of the Company	Vest immediately	\$1.86

Issuance of warrants

The Company's outstanding and exercisable warrants are as follows:

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

12. Shareholders' Equity and Earnings per Share - continued

For the year ended	December 31, 2025		December 31, 2024	
		Weighted average exercise price per common share		Weighted average exercise price per common share
Share purchase warrants	Warrants¹		Warrants	
Balance, beginning of year	7,200,000	\$5.00	12,600,000	\$5.63
Warrants expired	(7,200,000)	\$5.00	(5,400,000)	\$6.46
Balance, end of year	—	—	7,200,000	\$5.00
Exercisable, end of year	—	—	7,200,000	\$5.00

¹ Each warrant entitles the holder to acquire 0.05 common shares in the capital of the Company.

Issuance of stock options

The Company's outstanding and exercisable stock options are as follows:

For the year ended	December 31, 2025		December 31, 2024	
		Weighted average exercise price		Weighted average exercise price
Common share options	Options		Options	
Balance, beginning of year	498,805	\$3.34	583,805	\$3.34
Options exercised	(6,250)	\$2.25	—	—
Options forfeited	(53,750)	\$4.16	(85,000)	\$3.46
Balance, end of year	438,805	\$3.23	498,805	\$3.32
Exercisable, end of year	296,878	\$3.33	185,852	\$3.68

The weighted average remaining term to vest for stock options outstanding as at December 31, 2025 is 0.06 years.

Earnings per share

Earnings per share has been calculated on the basis of profit or loss for the year divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share, for all years presented, was calculated based on the weighted average number of common shares outstanding and takes into account the effects of contingently issuable common shares, unvested share options, RSUs and DSUs, warrants and convertible debentures outstanding during the year. A loss per share is not adjusted for anti-dilutive instruments. The diluted weighted average calculation is based on a time weighting factor that includes all stock options, RSUs, DSUs, warrants and conversion features that were issued at exercise prices lower than the market price of the Company's common shares at the respective year-ends. These instruments were anti-dilutive for the year ended December 31, 2024.

The following table illustrates the basic and diluted weighted average number of common shares outstanding for the years ended December 31, 2025 and 2024:

	For the years ended December 31,	
	2025	2024
Weighted average number of common shares outstanding - basic	62,733,660	60,254,469
Weighted average number of common shares outstanding - diluted	64,490,992	60,254,469

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

13. Financial Instruments, Fair Value Measurements and Financial Risk Management

As at December 31, 2025 and 2024, the Company's financial instruments consisted of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, contingent consideration, lease liabilities, borrowings and derivative financial instruments.

Fair value hierarchy

Financial instruments carried at fair value have been categorized under the three levels of fair value hierarchy as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs that are observable for the assets or liabilities either directly or indirectly
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

This level of the hierarchy includes contingent consideration settled with the Company's common shares, derivative liabilities associated with convertible borrowings and investments.

The Company's Level 3 financial liabilities measured and recognized at fair value on a recurring basis are as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Contingent consideration	876	799
Total	876	799

There were no financial instruments classified as Level 1 or Level 2 as at December 31, 2025 and 2024. There were no transfers between levels during the years ended December 31, 2025 and 2024.

Details regarding Level 3 fair value measurements for contingent consideration can be found in note 3.

There were no changes in the valuation techniques used during the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

13. Financial Instruments, Fair Value Measurements and Financial Risk Management - continued

Financial instruments measured at amortized cost

The carrying value of financial assets and financial liabilities that are measured at amortized cost is an approximation of the fair value for the following financial assets and financial liabilities unless otherwise disclosed below:

	December 31, 2025	December 31, 2024
	\$	\$
Financial assets measured at amortized cost:		
Cash and cash equivalents	13,919	9,084
Restricted cash	480	480
Trade and other receivables	32,390	32,429
Financial liabilities measured at amortized cost:		
Trade payables and other liabilities	54,642	55,880
Lease liabilities	36,864	37,343
Term Loan & other	41,061	44,875
Hogan Vendor Take-Back Note	—	413

Financial risk management

The Company is exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk. The following is a description of those risks and how the exposures are managed:

Credit risk

The Company is exposed to credit risk to the extent that its clients become unable to meet their payment obligations. The Company's exposure to concentrations of credit risk is limited. Trade receivables include amounts receivable from the sale of goods and services to government agencies, employers, insurance companies and individual patients.

Trade receivables aging (net of provision) was as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Current	27,015	26,452
More than 30 days past due	2,547	2,434
More than 60 days past due	748	1,402
More than 90 days past due	1,860	2,141
	32,390	32,429

Included in trade and other receivables as at December 31, 2025 are \$13,703 (December 31, 2024 - \$11,856) of amounts receivable from government funding related to product sales and services rendered, with no lease incentive receivable (December 31, 2024 - 801).

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

13. Financial Instruments, Fair Value Measurements and Financial Risk Management - continued

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, historical credit losses and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The movement in the provision for impairment against trade and other receivables was as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Provision, beginning of year	3,783	4,420
Provision for receivables impairment	954	1,595
Write-offs charged against the provision for receivables impairment	(1,686)	(2,232)
Provision, end of year	3,051	3,783

The Company's cash and cash equivalents are held through Canadian chartered banks. The Company is not exposed to significant credit risk arising from its financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash, another financial asset or equity instrument. Liquidity risk is managed by maintaining appropriate levels of cash and cash equivalents. The Company also manages liquidity risk by continuously monitoring actual and projected cash flows. To the extent the Company does not believe it has sufficient liquidity to meet its obligations, it will consider generating funds from additional sources of financing or other strategic alternatives. The Company's liquidity may be adversely affected if its access to the capital and debt markets is hindered, whether as a result of a downturn in general market conditions, or as a result of conditions specific to the Company. If any of these events were to occur, they could adversely affect the financial performance of the Company.

The following table presents the contractual terms to maturity of the financial liabilities owned by the Company as at December 31, 2025:

	Total	2026	2027-2028	2029-2030	Thereafter
	\$	\$	\$	\$	\$
Trade payables and other liabilities	54,642	54,172	470	—	—
Term Loan	40,858	4,930	35,928	—	—
Interest payments on borrowings	7,216	2,746	4,470	—	—
Leases	65,985	5,827	10,120	8,587	41,451
Contingent consideration	800	800	—	—	—
Total	169,501	68,475	50,988	8,587	41,451

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

13. Financial Instruments, Fair Value Measurements and Financial Risk Management - continued

The following table presents the contractual terms to maturity of the financial liabilities owned by the Company as at December 31, 2024:

	Total	2025	2026-2027	2028-2029	Thereafter
	\$	\$	\$	\$	\$
Trade payables and other liabilities	56,606	54,932	1,674	—	—
Term Loan	45,776	4,918	9,860	30,998	—
Hogan Vendor Take-Back Note	400	400	—	—	—
Interest payments on borrowings	10,689	3,418	5,556	1,715	—
Leases	68,663	5,943	10,294	8,590	43,836
Contingent consideration	800	—	800	—	—
Total	182,934	69,611	28,184	41,303	43,836

In the normal course of business, the Company enters into significant commitments for the purchase of goods and services, such as the purchase of inventory, most of which are short-term in nature and are settled under normal trade terms.

Interest rate risk

Interest rate risk is the risk borne by an interest bearing asset or liability as a result of fluctuations in interest rates. The Company is exposed to interest rate risk through its Credit Facilities. As at December 31, 2025, a 0.5% change in the variable interest rate on the Company's Credit Facilities would have resulted in an annualized change in finance costs of \$201 (December 31, 2024 - \$226).

Currency risk

Virtually all of the Company's transactions are denominated in Canadian dollars. As at December 31, 2025 and 2024, the Company held no significant financial instruments that were denominated in a currency other than Canadian currency.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

14. Related Party Transactions and Balances

In the normal course of operations, the Company may enter into certain related party transactions, which may include transactions entered into with the Company's directors and management, or significant shareholders of the Company or their affiliates. All related party transactions would be for consideration established with the related parties, generally on market terms, and approved by the independent non-executive directors of the Company, including the transactions described below.

Certain directors help manage funds that own common shares of the Company. The Company is a party to certain agreements with a significant shareholder of the Company, pursuant to which the Company granted such shareholder governance and investment rights, including the right to nominate two directors to the Board, subject to the satisfaction of certain conditions.

Key management compensation

Key management includes directors and executive management of the Company. The compensation expense, which includes amounts recognized during the year in the statement of income and comprehensive income related to share-based payments vested during the year, related to directors and executive management are shown below.

	For the years ended December 31,	
	2025	2024
	\$	\$
Salaries and benefits	2,868	2,706
Share-based payments	1,336	1,169
Directors' fees	401	609
Total	4,605	4,484

15. General and Administrative Expenses

The components of general and administrative expenses are as follows:

	For the years ended December 31,	
	2025	2024
	\$	\$
Other operating expenses	46,520	48,663
Employee costs	31,513	29,100
Depreciation and amortization	18,332	19,190
Share-based compensation expense	2,715	3,652
Loss on disposal of assets	479	676
Total	99,559	101,281

Other operating expenses for the years ended December 31, 2025 and 2024 include expenses of \$1,424 (2024 - \$1,274), relating to short-term leases, low-value asset leases and variable lease payments.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

16. Transaction, Restructuring and Other Costs

Transaction, restructuring and other costs are expensed as incurred. Transaction costs are comprised primarily of legal, consulting, due diligence and other professional fees directly related to business combinations and divestitures. Restructuring and other costs include legal, consulting and other professional fees associated with business restructuring; costs associated with new customer contract implementation and the integration of newly acquired businesses; and severance and other costs associated with corporate reorganization, other staffing reductions and divestitures.

Transaction, restructuring and other costs for the years ended December 31, 2025 and 2024 consist of the following:

	For the years ended December 31,	
	2025	2024
	\$	\$
Restructuring and other costs	1,242	1,445
Transaction costs	49	45
Total	1,291	1,490

17. Finance Costs, Net

Finance costs, net for the years ended December 31, 2025 and 2024 are comprised of the following:

	For the years ended December 31,	
	2025	2024
	\$	\$
Interest on leases	3,243	3,018
Interest on Term Loan	3,119	4,228
Accretion on other liabilities	199	287
Accretion on Term Loan	133	157
Accretion on Operating Loan	133	90
Accretion on Hogan Vendor Take-Back Note	9	20
Interest on Hogan Vendor Take-Back Note	8	18
Interest on Operating Loan	—	701
Interest on Convertible Debentures	—	462
Accretion on Convertible Debentures	—	201
Interest income, net	(161)	(63)
Total	6,683	9,119

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

18. Contingencies

From time to time, the Company is involved in and potentially subject to litigation, investigations, disputes, proceedings or other similar matters related to claims arising out of its operations in the ordinary course of business, performance under its contracts, and the completion of acquisitions or divestitures.

The Company believes that all claims and lawsuits in the aggregate, when settled, are not expected to have a material impact on the Company's financial position, results of operations or cash flows. There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, to the extent that the Company's assessment of its exposure in respect of such matters is either incorrect or changes, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. The Company regularly assesses the adequacy of accruals or provisions related to such matters and makes adjustments as necessary.

19. Supplementary Disclosure to the Consolidated Statements of Cash Flows

The net change in non-cash working capital items consists of the following:

	For the years ended December 31,	
	2025	2024
	\$	\$
Trade and other receivables	247	3,824
Inventories	(126)	1,548
Prepaid expenses and other current assets	(218)	145
Trade payables and other liabilities	(891)	3,464
Total	(988)	8,981

The movements in liabilities from financing activities consist of the following:

	Leases	Borrowings	Total
	\$	\$	\$
Balance at December 31, 2023	30,794	67,070	97,864
Additions	8,857	3,800	12,657
Payments	(5,857)	(25,360)	(31,217)
Modifications of leases	531	—	531
Debt to equity conversion (note 10)	—	(6,250)	(6,250)
Interest expense (note 17)	3,018	5,409	8,427
Accretion expense (note 17)	—	619	619
Balance at December 31, 2024	37,343	45,288	82,631
Additions	2,917	1,000	3,917
Payments	(6,640)	(8,594)	(15,234)
Modifications of leases	1	—	1
Interest expense (note 17)	3,243	3,127	6,370
Accretion expense (note 17)	—	277	277
Balance at December 31, 2025	36,864	41,061	77,962

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, unless otherwise noted)

20. Capital Management

The Company manages its capital structure based on the funds available to the Company in order to support the continuation and expansion of its operations, which primarily operate in an environment in which government regulations and funding play a key role. The Board establishes a quantitative return on capital criteria, which it reviews with management on a regular basis. The Company defines capital to include share capital, warrants and the stock option component of its shareholders' equity, as well as its borrowings and contingent consideration. In order to maintain or adjust its capital structure, the Company may seek financing through the issuance of securities such as equity, convertible debentures or subordinated debt, or by replacing existing debt with debt on terms more consistent with the Company's needs.