



Management's Discussion and Analysis

For the three month periods ended March 31, 2026 and 2025

Dated: May 6, 2026

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Management's Discussion and Analysis

(For the three month periods ended March 31, 2026 and 2025)

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", "Highlights Subsequent to Quarter-End", "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 beliefs as of the date of this MD&A 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. 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. 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 three month periods ended March 31, 2026 and 2025 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 unaudited condensed interim consolidated financial statements and notes thereto for the three month periods ended March 31, 2026 and 2025. The unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2026 and 2025 are prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting 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 year ended December 31, 2025.

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 – First Quarter of 2026" 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 May 6, 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 Three Month Period Ended March 31, 2026

Highlights for the First Quarter of 2026

(All comparative figures are for the first quarter of 2025)

- **Revenue increased by 4.9% to \$93.9 million compared to \$89.6 million**
 - Increase was primarily driven by the increase in the number of beds serviced.
- **Adjusted EBITDA¹ increased by 8% to \$8.4 million from \$7.8 million**
 - Adjusted EBITDA increased primarily due to: (i) increase in the number of beds (ii) certain efficiencies and cost savings initiatives.
- **Net income increased by 415.0% to \$1.2 million compared to a net income of \$0.2 million**
 - Increase in net income increased primarily due to: (i) increase in the number of beds (ii) certain efficiencies and cost savings initiatives.
- **Declaration of Dividend**
 - On March 4, 2026, the Board of Directors declared a dividend of \$0.02 per Common Share, payable on April 9, 2026, to shareholders of record as of the close of business on March 19, 2026. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

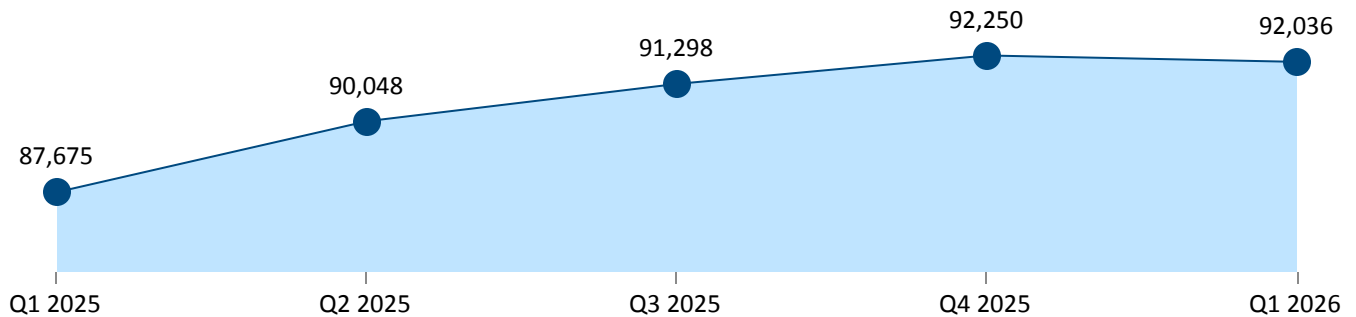
¹ Adjusted EBITDA is a non-IFRS measure. See the sections "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Measures". Measures for a discussion of non-IFRS measures used in this MD&A, the composition of such measures, and a reconciliation of Adjusted EBITDA to net income (loss), the most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

Highlights subsequent to quarter-end

- **Maintenance of Ontario Capitation Fee**
 - In April 2026, the Ontario Ministry of Health issued an Executive Officer Notice announcing the on going maintenance of \$1,500 per licensed bed and the removal of the proposed step down of fees. The Notice also removes funding for certain unoccupied ward beds.

Key Performance Indicators - First Quarter of 2026

Average Beds Served



Average Beds Served 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 Served 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.

Reconciliation of Non-IFRS Measures

For the three month periods ended March 31,

	2026	2025
<i>(Thousands of Canadian Dollars except per share amounts)</i>	\$	\$
Net income (loss)	1,169	227
Depreciation and amortization	4,527	4,758
Finance costs, net	1,494	1,745
Deferred tax expense	565	—
EBITDA	7,755	6,730
Transaction, restructuring and other costs	182	517
Change in fair value of contingent consideration liability	15	30
Share-based compensation expense	454	422
Loss on disposal of assets	11	80
Adjusted EBITDA	8,417	7,779
Adjusted EBITDA Margin	9.0%	8.7%
Weighted average number of shares - basic (in thousands)	62,910	62,729
Adjusted EBITDA per share - basic	\$0.13	\$0.12
Weighted average number of shares - diluted (in thousands)	64,661	64,246
Adjusted EBITDA per share - diluted	\$0.13	\$0.12

	As at March 31, 2026	As at March 31, 2025
<i>(thousands of Canadian Dollars)</i>	\$	\$
Cash and cash equivalents	14,843	11,165
Borrowings	39,891	44,612
Net Debt	25,048	33,447
Net Debt to Adjusted EBITDA	0.75	1.08

Selected Financial Information

The following selected financial information as at and for the three month period ended March 31, 2026, 2025, and 2024, 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 March 31,		
	2026	2025	2024
(thousands of Canadian Dollars)	\$	\$	\$
Revenue	93,923	89,550	89,729
EBITDA¹	7,755	6,730	6,758
Adjusted EBITDA¹	8,417	7,779	7,445
Adjusted EBITDA Per share - Basic	\$0.13	\$0.12	\$0.12
Adjusted EBITDA Per share - Diluted	\$0.13	\$0.12	\$0.12
Adjusted EBITDA Margin¹	9.0%	8.7%	8.3%
Net income (loss)	1,169	227	(517)
Net Income (loss) Per share - Basic	\$0.02	\$0.00	(\$0.01)
Net Income (loss) Per share - Diluted	\$0.02	\$0.00	(\$0.01)
Cash provided by operations	6,926	7,374	9,278
Total assets	248,814	223,513	231,893
Total liabilities	138,421	137,114	150,367
Weighted average number of shares - basic (in thousands)	62,910	62,729	59,865
Weighted average number of shares - diluted (in thousands)	64,661	64,246	59,865

¹ 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 Ended March 31, 2026 and 2025

Operating and Other Expenses as a Percentage of Revenue

\$ millions	For the three month periods ended March 31,			
	2026		2025	
	\$	%	\$	%
Revenue	93.9	100 %	89.6	100 %
Operating expenses:				
Pharmacy services and supplies	65.6	69.9 %	63.0	70.3 %
Employee costs	7.6	8.1 %	7.9	8.8 %
Other operating expenses	12.4	13.2 %	10.9	12.2 %
Total operating expenses	85.6	91.2 %	81.8	91.3 %
Other expenses:				
Depreciation and amortization	4.5	4.8 %	4.8	5.4 %
Share-based compensation expense	0.5	0.5 %	0.4	0.4 %
Loss on disposal of assets	—	— %	0.1	0.1 %
Transaction, restructuring and other costs	0.2	0.2 %	0.5	0.6 %
Finance costs, net	1.5	1.6 %	1.7	1.9 %
Income tax expense (recovery)	0.6	0.6 %	—	— %
Total other expenses	7.3	7.8 %	7.5	8.4 %

- Revenue for the three month period increased by 4.9% to \$93.9 million as compared to \$89.6 million, for the same period in the prior year. The changes were primarily due to the increase in 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 increased by 4.6% to \$85.5 million as compared to \$81.8 million from the same period as the prior year.
 - Cost of pharmacy services and supplies for the three month period increased by 4% to \$65.6 million

as compared to \$63.0 million, primarily due to the increase in the number of beds serviced.

- Employee costs for the three month period decreased by (4.4)% to \$7.6 million as compared \$7.9 million.
- Other operating expenses for the three month period increased by 14% to \$12.4 million as compared to \$10.9 million. Other operating expenses for the three month period ended March 31, 2026 increased primarily due to inflationary increases in certain operating expenses and servicing additional beds.

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 were \$0.2 million as compared to \$0.5 million.

- Transaction, restructuring and other costs for the three month period primarily relate to restructuring initiatives, including labour savings and other efficiency measures. In the prior year, these costs were non-recurring and largely associated with the opening of a new site in British Columbia as part of broader restructuring and consolidation efforts.

Goodwill and intangible assets impairment for the three month period remained nil for both comparative periods.

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 decreased by 14% to \$1.5 million as compared to \$1.7 million.
- Finance costs, net excluding accretion expense for the three month period decreased by 14% to \$1.4 million as compared to \$1.6 million. The decrease in finance costs, net excluding accretion expense was primarily due to a decrease in the outstanding principal amount of the Term Loan.
- Accretion expense for the three month period remained flat at \$0.1 million as compared to \$0.1 million.
- Income tax expense for the three months ended March 31, 2026 and 2025 was \$565 and nil respectively. The income tax expense for the three months ended March 31, 2026 primarily reflects the recognition of deferred tax expense associated with the utilization of previously recognized deferred tax assets such as the tax loss carryforwards. The income tax expense for the three months ended March 31, 2025 was nil due to the recognition of previously unrecognized deferred tax assets which offset income tax expense in full.

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 March 31, 2026, the Company had \$39.9 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 March 31, 2026, the Company was in compliance with its Credit Facilities covenants.

Dividend

On March 4, 2026, the Board of Directors declared a dividend of \$0.02 per Common Share, payable on April 9, 2026, to shareholders of record as of the close of business on March 19, 2026. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes. Dividends of \$1,258 are included in trade payables and other liabilities (note 6) as at March 31, 2026 (December 31, 2025 - \$1,256). The company initiated dividend payments on October 15, 2025, amounting to \$1,256 as of December 31, 2025.

Normal Course Issuer Bid

On September 15, 2025, the Company announced 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 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 period ended March 31, 2026, the Company cancelled an aggregate of 51,450 Common Shares pursuant to 2025-26 NCIB.

Cash flow activities for the three month period ended March 31, 2026 were as follows:

Cash provided by operating activities

Cash provided by operating activities was \$6.9 million compared to \$7.4 million for the same period in the prior year:

- Cash provided by operating activities in the current period benefited 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 in the prior period in the prior year was positively impacted by the timing of certain working capital receipts and payments offset by lower beds serviced.

Cash used in investing activities

Cash used in investing activities was \$1.9 million compared to \$1.8 million for the same period in the prior year:

- Cash used in investing activities in the current period related to the purchases of property and equipment and intangible assets.

- Cash used in investing activities in the same period in the 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 \$4.1 million compared to \$3.5 million for the same period in the prior year:

- Cash used in financing activities during the period primarily related to the repayment of the Term Loan, dividend payment, share repurchases for cancellation under the NCIB, and payments of interest and finance leases.

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

Contractual Commitments

The Company's contractual commitments at March 31, 2026, are as follows:

	Total	2026	2027-2028	2029-2030	Thereafter
	\$	\$	\$	\$	\$
Trade payables and other liabilities	54.3	49.5	2.5	2.0	0.3
Term Loan and other	39.6	3.7	35.9	—	—
Interest payments on borrowings	6.0	1.9	4.1	—	—
Leases	64.2	4.5	10.5	6.2	43.0
Contingent consideration	0.8	0.8	—	—	—
Total	164.9	60.4	53.0	8.2	43.3

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 March 31, 2026, the Company had total shares outstanding of 62,909,852 (December 31, 2025 - 62,781,495).

For the period ended	March 31, 2026	December 31, 2025
Common shares		
Balance, beginning of period	62,781,495	62,154,366
Issuance of shares	174,123	739,309
RSUs, DSUs and options exercised	5,684	648,178
Shares cancelled under NCIB	(51,450)	(760,358)
Balance, end of period	62,909,852	62,781,495

During the period ended March 31, 2026, the Company repurchased 51,450 of its common shares for cancellation under the NCIB, at an average price of \$3.86 per common share for a total cost of \$200.

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

As at March 31, 2026, there were a total of 2,166,842 RSUs and DSUs outstanding to grant an equivalent number of Common Shares.

For the period ended	March 31, 2026	December 31, 2025
RSUs and DSUs		
Balance, beginning of period	1,606,780	1,467,629
RSUs and DSUs granted	590,950	882,705
RSUs and DSUs exercised	(5,684)	(641,928)
RSUs and DSUs forfeited	(33,412)	(110,590)
Balance, end of period	2,166,842	1,606,780

Issuance of Stock Options

As at March 31, 2026, there were 331,878 options exercisable to purchase an equivalent number of common shares.

For the period ended	March 31, 2026	December 31, 2025
Common share options		
Balance, beginning of period	438,805	498,805
Options exercised	—	(6,250)
Options forfeited	—	(53,750)
Balance, end of period	438,805	438,805
Exercisable, end of period	331,878	296,878

Should all outstanding options that were exercisable at March 31, 2026 be exercised, the Company would receive proceeds of \$1.1 million.

As at the date of this report, May 6, 2026, the number of shares outstanding is 63,447,016; the number of RSUs and DSUs outstanding is 1,629,678; and 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 period ended March 31, 2026, 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

	Q1 2026	Q4 2025	Q3 2025	Q2 2025
(thousands of Canadian Dollars)	\$	\$	\$	\$
Revenue	93,923	96,081	93,220	91,390
Adjusted EBITDA ¹	8,417	8,809	8,345	7,997
Adjusted EBITDA per share ² :				
Basic	\$0.13	\$0.14	\$0.13	\$0.13
Diluted	\$0.13	\$0.14	\$0.13	\$0.12
Net income (loss)	1,169	23,789	1,550	561
Earnings (loss) per share:				
Basic	\$0.02	\$0.38	\$0.02	\$0.01
Diluted	\$0.02	\$0.37	\$0.02	\$0.01
	Q1 2025	Q4 2024	Q3 2024	Q2 2024
	\$	\$	\$	\$
Revenue	89,550	92,181	92,836	91,968
Adjusted EBITDA ¹	7,779	7,560	7,775	7,517
Adjusted EBITDA per share ² :				
Basic	\$0.13	\$0.12	\$0.13	\$0.13
Diluted	\$0.12	\$0.12	\$0.13	\$0.13
Net income (loss)	227	(2,245)	(360)	(1,379)
Earnings (loss) per share:				
Basic	\$0.00	(\$0.04)	(\$0.01)	(\$0.02)
Diluted	\$0.00	(\$0.04)	(\$0.01)	(\$0.02)

¹ Adjusted 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 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.

In the first quarter of 2026, the Company's revenue and Adjusted EBITDA decreased as compared to the fourth quarter of 2025 primarily two less weekdays. Net income decreased compared to the fourth quarter of

2025 primarily due to the recognition of a deferred tax asset.

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.

There have been no significant changes to the Company’s ICFR for the three month period ended March 31, 2026, 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 unaudited condensed interim 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, 2026.

The Company’s significant accounting policies are summarized in detail in note 2 of the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2026 and 2025. 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 judgments in note 2 of the unaudited condensed interim consolidated financial statements for the three month periods ended March 31, 2026 and 2025.

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. On April 1, 2026, the Ontario Ministry of Health announced that the current funding rate of \$1,500 per bed per annum would be maintained for 2026-27 and it would not implement previously scheduled reductions in the fee-per-bed rate. The Ministry also disclosed changes to how unoccupied licensed beds are treated for funding purposes, removing funding for certain unoccupied ward beds. 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 March 31, 2026, the Company had approximately \$39.9 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.



**Unaudited Condensed Interim Consolidated Financial
Statements**

For the three month periods ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

Dated: May 6, 2026

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Consolidated Statements of Financial Position

(unaudited, in thousands of Canadian dollars)

	March 31, 2026	December 31, 2025
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	14,843	13,919
Restricted cash	480	480
Trade and other receivables	33,383	32,825
Income taxes recoverable	76	76
Inventories	19,029	17,545
Prepaid expenses and other current assets	2,733	2,170
	70,544	67,015
Non-current assets		
Property and equipment, net (note 4)	54,586	54,259
Goodwill and intangible assets, net (note 4)	101,475	98,899
Deferred income tax assets (note 5)	22,209	22,774
Total assets	248,814	242,947
Liabilities		
Current liabilities		
Trade payables and other liabilities (note 6)	55,439	54,288
Current portion of borrowings (note 7)	5,097	5,097
Current portion of lease liabilities (note 9)	2,653	2,772
Current portion of contingent consideration (note 3)	891	876
	64,080	63,033
Non-current liabilities		
Borrowings (note 7)	34,794	35,964
Other liabilities (note 6)	3,958	354
Lease liabilities (note 9)	35,589	34,092
Total liabilities	138,421	133,443
Equity		
Share capital (note 8)	332,957	332,491
Contributed surplus	41,103	40,591
Deficit	(263,667)	(263,578)
Total equity	110,393	109,504
Total liabilities and equity	248,814	242,947

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

Approved by the Board

"Jeff Watson"
Jeff Watson, Director

"Maria Perrella"
Maria Perrella, Director

Consolidated Statements of Income and Comprehensive Income

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

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Revenue (note 2)	93,923	89,550
Cost of pharmacy services and supplies	65,554	62,957
General and administrative expenses (note 11)	24,944	24,074
Transaction, restructuring and other costs (note 12)	182	517
Income from operations	3,243	2,002
Finance costs, net (note 13)	1,494	1,745
Change in fair value of contingent consideration liability (note 3)	15	30
Income before income taxes	1,734	227
Income tax expense (note 5)	565	—
Net income and total comprehensive income for the period	1,169	227
Basic income per common share:	\$0.02	\$0.00
Diluted income per common share:	\$0.02	\$0.00
Weighted-average number of common shares outstanding (in thousands) (note 8):		
Basic	62,910	62,729
Diluted	64,661	64,246

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

Consolidated Statements of Changes in Equity

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

	Number of common shares ¹	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
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 8)	739,309	1,899	—	—	—	1,899
RSUs and DSUs exercised (note 8)	17,246	48	—	(35)	—	13
Warrants expired	—	—	(583)	583	—	—
Share-based compensation expense	—	—	—	422	—	422
Share repurchased for cancellation	(168,614)	(390)	—	—	—	(390)
Net loss for the period	—	—	—	—	227	227
Balance at March 31, 2025	62,742,307	332,664	—	40,697	(286,962)	86,399
Balance at December 31, 2025	62,781,495	332,491	—	40,591	(263,578)	109,504
Issuance of shares, net of share issuance costs (note 8)	174,123	645	—	—	—	645
RSUs, DSUs and stock options exercised (note 8)	5,684	21	—	(21)	—	—
Share-based compensation expense	—	—	—	533	—	533
Shares repurchased for cancellation (note 8)	(51,450)	(200)	—	—	—	(200)
Dividends Declared (note 8)	—	—	—	—	(1,258)	(1,258)
Net income for the period	—	—	—	—	1,169	1,169
Balance at March 31, 2026	62,909,852	332,957	—	41,103	(263,667)	110,393

¹The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Consolidated Statements of Cash Flows

(unaudited, in thousands of Canadian dollars)

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	1,169	227
Adjustments for:		
Finance costs, net (note 13)	1,494	1,745
Loss (gain) on disposal of assets (note 11)	11	80
Depreciation of property and equipment (note 4)	2,545	2,488
Amortization of finite-life intangible assets (note 4)	1,983	2,270
Income tax expense	565	—
Share-based compensation expense (note 11)	454	422
Change in fair value of contingent consideration liability (note 3)	15	30
Interest received	—	36
Net change in non-cash working capital items (note 15)	(1,310)	76
Cash provided by operating activities	6,926	7,374
Investing activities		
Purchase of property and equipment (note 4)	(1,621)	(1,652)
Purchase of intangible assets (note 4)	(233)	(159)
Cash used in investing activities	(1,854)	(1,811)
Financing activities		
Proceeds from Term Loan and other (note 7)	—	500
Repayment of Term Loan (note 7)	(1,233)	(1,220)
Interest paid	(667)	(864)
Repayment of lease liabilities	(790)	(1,521)
Repurchase of shares for cancellation (note 8)	(200)	—
Dividends Paid	(1,258)	—
Net proceeds from common shares issued (note 8)	—	(377)
Cash used in financing activities	(4,148)	(3,482)
Net increase in cash and cash equivalents	924	2,081
Cash and cash equivalents, beginning of period	13,919	9,084
Cash and cash equivalents, end of period	14,843	11,165

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

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, 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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as outlined by International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required for a complete set of annual financial statements prepared in accordance with IFRS, and therefore should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2025. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since December 31, 2025.

The material accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with the material accounting policies used in the preparation of the annual consolidated financial statements for the year ended December 31, 2025.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors (the "Board") on May 6, 2026.

New standards and amendments 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 *Presentation of Financial Statements* ("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 Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

2. Material Accounting Policies - continued

Revenue

The Company's revenues were derived as follows:

	For the three month periods ended March 31,	
	2026	2025
Sale of goods	78%	79%
Capitated pharmacy service fees	19%	18%
Rendering of other pharmacy services	3%	3%
Total	100%	100%

During the three month period ended March 31, 2026, geographically, 64% and 36% of the Company's revenues were derived from Eastern Canada and Western Canada, respectively (2025 - 63% and 37%).

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 \$	Total \$
Balance at December 31, 2025	876	876
Change in fair value during the period	15	15
Balance at March 31, 2026	891	891
Less: Current portion	891	891
Non-current portion at March 31, 2026	—	—

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 7). 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 March 31, 2026 and December 31, 2025, the Company estimates the probability of meeting the growth targets to be 100%. As at March 31, 2026 and December 31, 2025, 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 March 31, 2026, the expected range of potential undiscounted amounts payable remaining is between nil and \$891.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

4. Goodwill, Intangible Assets and Property and Equipment

	Goodwill \$	Intangible assets \$	Total goodwill and intangible assets \$	Property and equipment \$
For the period ended March 31, 2026				
Cost				
Balance at December 31, 2025	118,308	96,117	214,425	93,341
Additions	—	4,559	4,559	3,017
Disposals	—	—	—	(1,253)
Balance at March 31, 2026	118,308	100,676	218,984	95,105
Accumulated amortization and impairment losses				
Balance at December 31, 2025	(48,297)	(67,229)	(115,526)	(39,082)
Depreciation and amortization charge	—	(1,983)	(1,983)	(2,545)
Disposals	—	—	—	1,108
Balance at March 31, 2026	(48,297)	(69,212)	(117,509)	(40,519)
Net carrying value				
As at December 31, 2025	70,011	28,888	98,899	54,259
As at March 31, 2026	70,011	31,464	101,475	54,586

Included in the net carrying value of property and equipment are right-of-use assets of \$30,220 (December 31, 2025 - \$29,066).

The right-of-use assets as at March 31, 2026 and December 31, 2025 consist of the following:

	March 31, 2026 \$	December 31, 2025 \$
Right-of-use assets - Properties	27,564	26,185
Right-of-use assets - Equipment	2,097	2,294
Right-of-use assets - Vehicles	559	587
Total	30,220	29,066

During the three month period ended March 31, 2026, additions of property and equipment related to right-of-use assets were \$2,320.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

4. Goodwill, Intangible Assets and Property and Equipment - continued

During the three month period ended March 31, 2026, amortization charges related to right-of-use assets were \$1,024.

As at March 31, 2026 and December 31, 2025, the Company had \$1,820 of indefinite-life intangible assets.

The Company performs its annual impairment testing of goodwill and indefinite-life intangible assets during the fourth quarter. Impairment assessments for long-lived assets, including goodwill and indefinite-life intangible assets, are performed more frequently whenever events or changes in circumstances arise and an indicator of impairment exists. As at March 31, 2026, the Company assessed for any indicators of impairment requiring goodwill and indefinite-life intangible assets to be further tested outside of the annual cycle. Based on this assessment, the Company concluded there were no indicators of impairment requiring goodwill and indefinite-life intangible assets to be tested for impairment as at March 31, 2026.

5. Income Taxes

Income tax expense (recovery) is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the three month period ended March 31, 2026 was (32.58)%. 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.

6. Trade Payables and Other Liabilities

Trade payables and other liabilities are comprised of the following:

	March 31, 2026	December 31, 2025
	\$	\$
Trade payables	36,341	33,893
Accrued Liabilities	9,789	12,549
Salaries, wages and employee benefits payable	4,014	4,659
Dividends Declared	1,258	1,256
Other liabilities	2,891	1,016
Deferred revenue	1,069	758
Severance costs	77	157
Total	55,439	54,288

Other liabilities are related to multi-year agreements with national customers, of which \$2,891 is due within the next 12 months (December 31, 2025 - \$1,016). The liabilities were initially recognized at their aggregate fair values and subsequently measured at amortized cost using the effective interest rate method. As at March 31, 2026, the aggregate carrying value of the liabilities was \$5,723 (December 31, 2025 - \$1,370).

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

7. Borrowings

Borrowings consist of the following:

	March 31, 2026	December 31, 2025
	\$	\$
Term Loan & other	39,891	41,061
Total borrowings	39,891	41,061
Less current portion of borrowings:		
Term Loan & other	5,097	5,097
Total current portion of borrowings	5,097	5,097
Total non-current portion of borrowings	34,794	35,964

As at March 31, 2026, the current portion of borrowings includes \$29 of interest accrued and payable within 12 months following the consolidated statement of financial position date (December 31, 2025 - nil).

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

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 March 31, 2026, the Company was in compliance with its Credit Facilities' covenants.

8. 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 period ended (\$ thousands, except share amounts)	March 31, 2026		December 31, 2025	
	Common shares	Stated value \$	Common shares	Stated value \$
Common shares				
Balance, beginning of period	62,781,495	332,491	62,154,366	331,107
Issuance of shares, net of share issuance costs	174,123	645	739,309	1,899
RSUs, DSUs and stock options exercised	5,684	21	648,178	1,724
Shares cancelled under NCIB	(51,450)	(200)	(760,358)	(2,239)
Balance, end of period	62,909,852	332,957	62,781,495	332,491

Dividends

On March 4, 2026, the Board of Directors declared a dividend of \$0.02 per Common Share, payable on April 9, 2026, to shareholders of record as of the close of business on March 19, 2026. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes. Dividends of \$1,258 are included in trade payables and other liabilities (note 6) as at March 31, 2026 (December 31, 2025 - \$1,256). The company initiated dividend payments on October 15, 2025, amounting to \$1,256 as of December 31, 2025.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

8. Shareholders' Equity and Earnings per Share - continued

Normal Course Issuer Bid

On September 15, 2025, the Company announced that the TSX had approved the renewal of the Company's normal course issuer bid (the "2025 NCIB") to repurchase for cancellation up to 1,500,000 of its common shares during the period from September 17, 2025 to September 16, 2026.

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 three month period ended March 31, 2026, the Company repurchased for cancellation 51,450 of its common shares at an average price of \$3.86 per common share for a total cost of \$200.

Subsequent to the three month period ended March 31, 2026, and as of the date of these unaudited condensed interim consolidated financial statements, the Company repurchased for cancellation 51,100 of its common shares at an average price of \$3.71 per common share for a total cost of \$190.

Issuance of common shares

During the three month period ended March 31, 2026 the Company issued 5,684 common shares, respectively, related to RSUs, DSUs and stock options issued to management, employees and directors that vested.

On March 20, 2026, the Company issued 174,123 common shares as part of a multi-year agreement with a national customer.

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 period ended	March 31, 2026	December 31, 2025
RSUs and DSUs	Units	Units
Balance, beginning of period	1,606,780	1,467,629
RSUs and DSUs granted	590,950	882,705
RSUs and DSUs exercised	(5,684)	(641,928)
RSUs and DSUs forfeited	(33,412)	(110,590)
Dividend Reinvestment	8,208	8,964
Balance, end of period	2,166,842	1,606,780

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

8. Shareholders' Equity and Earnings per Share - continued

The weighted-average remaining term to vest for RSUs and DSUs outstanding as at March 31, 2026 is 1.78 years.

During the three month period ended March 31, 2026, 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
January 20, 2026 [Reinvested]	8,208	Management and employees of the Company	Vest over three years	\$3.90
March 31, 2026	578,473	Management and employees of the Company	Vest over three years	\$3.62
March 31, 2026	12,477	Directors of the Company	Vest immediately	\$3.85

On December 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 an aggregate of 8,208 RSUs and DSUs. Dividend equivalent units will vest on the same basis as the awards on which such securities were granted.

Issuance of stock options

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

For the period ended	March 31, 2026		December 31, 2025	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Common share options				
Balance, beginning of period	438,805	\$3.23	498,805	\$3.24
Options exercised	—	—	(6,250)	\$2.25
Options forfeited	—	—	(53,750)	\$4.16
Balance, end of period	438,805	\$3.23	438,805	\$3.23
Exercisable, end of period	331,878	\$3.53	296,878	\$3.33

The weighted average remaining term to vest for stock options outstanding as at March 31, 2026 is 0.00 years.

Earnings per share

Earnings per share has been calculated on the basis of profit or loss for the period divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share, for all periods 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 outstanding during the period. 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 three month periods ended March 31, 2026 and 2025.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

8. Shareholders' Equity and Earnings per Share - continued

The following table illustrates the basic and diluted weighted average number of common shares outstanding for the three month periods ended March 31, 2026 and 2025:

	For the three month periods ended March 31,	
	2026	2025
Weighted average number of common shares outstanding - basic	62,909,852	62,729,242
Dilutive effect of in-the-money stock options	114,534	39,516
Dilutive effect of RSUs and DSUs	1,636,257	1,477,722
Weighted average number of common shares outstanding - diluted	64,660,643	64,246,480

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

As at March 31, 2026 and December 31, 2025, the Company's financial instruments consists of cash and cash equivalents, restricted cash, trade and other receivables, trade payables and other liabilities, contingent consideration, lease liabilities and borrowings.

Fair value hierarchy

Financial instruments carried at fair value have been categorized under the three levels of the 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.

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

	March 31, 2026	December 31, 2025
	\$	\$
Contingent consideration	891	876
Total	891	876

There were no financial instruments classified as Level 1 or Level 2 as at March 31, 2026. There were no transfers between levels during the three month periods ended March 31, 2026 and 2025.

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 three month period ended March 31, 2026.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

9. 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:

	March 31, 2026	December 31, 2025
	\$	\$
Financial assets measured at amortized cost:		
Cash and cash equivalents	14,843	13,919
Restricted cash	480	480
Trade and other receivables, net of provision	33,063	32,390
Financial liabilities measured at amortized cost:		
Trade payables and other liabilities	59,397	54,642
Lease liabilities	38,242	36,864
Term Loan & other	39,891	41,061

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 and other receivables aging (net of provision) is as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Current	28,270	27,235
More than 30 days past due	2,216	2,547
More than 60 days past due	703	748
More than 90 days past due	1,874	1,860
	33,063	32,390

Included in trade and other receivables as at March 31, 2026 are \$13,496 (December 31, 2025 - \$13,703) of amounts receivable from government funding related to product sales and services rendered.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

9. 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:

For the period ended	March 31, 2026	December 31, 2025
	\$	\$
Provision, beginning of period	3,051	3,783
Provision for receivables impairment	474	954
Write-offs charged against the provision for receivables impairment	(438)	(1,686)
Provision, end of period	3,087	3,051

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 owed by the Company as at March 31, 2026:

	Total	2026	2027-2028	2029-2030	Thereafter
	\$	\$	\$	\$	\$
Trade payables and other liabilities	54,236	49,516	2,470	2,000	250
Term Loan and other	39,625	3,697	35,928	—	—
Interest payments on borrowings	5,974	1,892	4,082	—	—
Leases	64,272	4,546	10,544	6,154	43,028
Contingent consideration	800	800	—	—	—
Total	164,907	60,451	53,024	8,154	43,278

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.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

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

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 March 31, 2026, 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 \$189.

Currency risk

Virtually all of the Company's transactions are denominated in Canadian dollars. As at March 31, 2026 and December 31, 2025, the Company holds no significant financial instruments that are denominated in a currency other than the Canadian dollar.

10. 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.

11. General and Administrative Expenses

The components of general and administrative expenses are as follows:

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Other operating expenses	12,362	10,876
Employee costs	7,590	7,938
Depreciation and amortization	4,527	4,758
Share-based compensation expense	454	422
Loss on disposal of assets	11	80
Total	24,944	24,074

Other operating expenses for the three month periods ended March 31, 2026 and 2025 include expenses of \$346 and \$305, respectively, relating to short-term leases, low-value asset leases and variable lease payments.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

12. Transaction, Restructuring and Other Costs

Transaction, restructuring and other costs are expensed as incurred. Transaction costs primarily comprise 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 three month periods ended March 31, 2026 and 2025 consist of the following:

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Restructuring and other costs	170	501
Transaction costs	12	16
Total	182	517

13. Finance Costs, Net

Finance costs, net for the three month periods ended March 31, 2026 and 2025 are comprise of the following:

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Interest on leases	773	803
Interest on Term Loan	676	844
Accretion on other liabilities	35	57
Accretion on Term Loan	34	33
Accretion on Operating Loan	31	34
Interest on Hogan Vendor Take-Back Note	—	5
Accretion on Hogan Vendor Take-Back Note	—	5
Interest income, net	(55)	(36)
Total	1,494	1,745

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

14. 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.

15. Supplementary Disclosure to the Consolidated Statements of Cash Flows

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

	For the three month periods ended March 31,	
	2026	2025
	\$	\$
Trade and other receivables	558	345
Inventories	1,484	(812)
Prepaid expenses and other current assets	559	(250)
Trade payables and other liabilities	(3,911)	793
Total	(1,310)	76

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

	Leases	Borrowings	Total
	\$	\$	\$
Balance at December 31, 2025	36,864	41,061	77,925
Additions	2,320	—	2,320
Payments	(790)	(1,899)	(2,689)
Modifications of leases	(925)	—	(925)
Interest expense	773	676	1,449
Accretion expense	—	53	53
Balance at March 31, 2026	38,242	39,891	78,133