Vesalius Longevity Labs (Canada) Inc.
Management Discussion & Analysis
For the Nine Month Period Ending July 31, 2026 and 2025

This Management's Discussion & Analysis ("MD&A") is intended to help the reader understand the Vesalius Longevity Labs (Canada) Inc. (the "Company") financial statements. The information provided herein should be read in conjunction with the Company's consolidated financial statements for the nine month period ending July 31, 2026 and 2025, and related notes attached thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in United States dollars ("USD"). The effective date of this report is October 21, 2026.

Management is responsible for the preparation and integrity of financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review financial statements and MD&As, and to discuss other financial, operating and internal control matters.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Vesalius (USA) Inc. located in the United States and Royal Longevity, LLC, a subsidiary of Vesalius USA. All inter-company transactions and accounts have been eliminated upon consolidation.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from such statements. Readers are therefore cautioned not to put undue reliance on forward-looking statements. See "Forward-looking Information and Statements" that are subject to risk factors set out in a cautionary note contained herein.

DESCRIPTION OF BUSINESS AND OVERVIEW

Vesalius Longevity Labs (Canada) Inc. (the "Company") was incorporated under the Province of British Columbia Business Company Act on October 18, 2024 (date of inception). The Company's registered office is located at Suite 1500 – 1055 West Georgia Street, Vancouver BC V6E 4N7.

The Company and its 100% owned subsidiaries, Vesalius USA Inc. and Royal Longevity, LLC were established to develop and provide peptide-based therapies aimed at supporting key physiological functions, including metabolism, cognition, immune response, hormone regulation, and healthy aging. The Company focuses on proactive, personalized care within the regenerative medicine and wellness sectors, addressing growing demand for therapies that promote long-term wellness and disease prevention.

On June 17, 2025, the Company entered into a definitive business combination agreement with Vesalius Longevity Labs (SPV) Inc. ("SPV") and Sweet Earth Holdings Corporation. ("SEH"), pursuant to which SEH will acquire all of the issued and outstanding shares of SPV and the Company by way of an amalgamation and share exchange process whereby the amalgamating parties will merge to form a single entity. The transaction shall result in a reverse takeover of SEH and shall constitute a fundamental change, as defined by the policies of the Canadian Securities Exchange ("CSE"). Upon completion of the transaction, the resulting entity will continue to carry on the business of the Company. The transaction requires shareholder and CSE approval.

On September 1, 2026, the Company received conditional approval for the transaction from the CSE.

On September 2, 2026, the completion deadline for the transaction was extended to October 31, 2026.

On September 2, 2026, the Company signed an agreement with Outside The Box Capital Inc., an arms-length third party, to provide marketing and distribution services which will commence upon the successful closing of the financing and continue for a period of six months. Compensation paid to Outside The Box Capital Inc. is $500,000 plus applicable taxes and $150,000 CAD in stock with a warrant per unit of stock issued.

On September 8, 2026, the Company received $4,000,000 in additional advances from SPV to fund operations.

On September 10, 2026, the Company made an additional capital contribution of $325,000 to PL, bringing total capital contributions to $825,000. (See Note 10, *Long Term Investments*).

Subsequent to July 31, 2026, the Company paid a further $353,235 toward the first-year license fee under the MCI agreement, bringing total payments to $1,838,427. $161,573 of the first-year fee remains outstanding (See Note 14, *Obligation Under Service and Distribution Agreement – Related Party*).

RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the Company's interim consolidated financial statement for the nine-month period ending July 31, 2026 and 2025.

Financial Results

For the nine months ended July 31, 2026

The Company's total revenue for the nine months ended July 31, 2026, was $7,874,387 (2025 - $520,500) and the gross profit was $3,465,250 (2025 - $193,564). The total revenue consisted of $7,821,887 (2025 - $520,500) from the sale of goods and $52,500 for service fees (2025 - $nil).

For the nine months ended July 31, 2026, the Company's net loss was $7,662,297 (2025 - $4,166,232). The net loss is comprised of a gross profit on sales of $3,465,250 (2025 - $193,564), administrative expenses of $7,733,411 (2025 - $4,359,796) and other operating expenses of $3,394,136 (2025 - $nil). As commission revenue was not significant, it was included in gross profit.

For the nine months ended July 31, 2026, administrative expenses of $7,733,411 (2025 - $4,359,796) consisted of advertising expenses of $514,244 (2025 - $564,326), amortization expense of $1,451,927 (2025 - $65,712), bad debts expense of $90,260 (2025 - $nil), consulting fees of $2,081,872 (2025 - $1,332,167), director fees of $10,667 (2025 - $34,300), foreign exchange gain of $17,288 (2025 - $nil), management fees of $1,206,219 (2025 - $927,976), office and general expenses of $455,635 (2025 - $323,008), professional fees of $306,481 (2025 - $357,959), payroll costs of $1,155,435 (2025 - $370,421), share based compensation of $226,753 (2025 - $191,699) and travel expenses of $251,206 (2025 – $192,228).

All expenses for the nine-month period ended July 31, 2026, increased compared to the same period in 2025 (except advertising, director fees, foreign exchange and professional fees). The revenue and expenses for the nine months are not comparable to July 31, 2025, as the Company was in the startup phase in 2025 and was not fully operational. The Company was not fully staffed, and expenses were mainly associated with establishing a business. Sales were limited, as over 80% came from one product, namely pens, which was shipped directly from the supplier.

SELECTED INFORMATION

	For the year ended October 31, 2025
	$
Revenue	1,864,127
Gross Profit	885,181
Administrative expenses	(6,041,224)
Net loss	(5,156,043)
Basic/Diluted loss per share	(0.09)
Total assets	5,063,228
Total liabilities	6,818,614

SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past four quarterly periods are shown in the following table:

	Three Months Ended July 31, 2026	Three Months Ended April 30, 2026	Three Months Ended January 31, 2026
	$	$	$
Revenue	2,650,329	2,988,550	2,235,508
Gross profit	1,079,512	1,293,466	1,092,272
Gross margin %	40.73%	43.28%	48.86%
Loss for the period	(5,109,892)	(1,123,033)	(1,429,372)
Loss per share – basic & diluted	(0.05)	(0.01)	(0.01)
Total assets	6,557,574	8,925,722	6,565,845
Total liabilities	15,748,504	12,386,506	9,619,801

	Three Months Ended October 31, 2025	**Three Months Ended July 31, 2025**	**Three Months Ended April 30, 2025**	**Three Months Ended January 31, 2025**
	$	$	$	$
Revenue	1,343,627	309,299	159,898	51,303
Gross profit	691,697	114,433	63,166	15,965
Gross margin %	51%	37%	40%	31%
Loss for the period	(989,812)	(1,798,658)	(1,945,893)	(421,680)
Loss per share – basic & diluted	(0.02)	(0.03)	(0.06)	-
Total assets	5,232,079	5,864,708	4,754,582	522,420
Total liabilities	6,965,780	6,723,566	4,148,481	730,001

Quarterly fluctuations in gross margin are affected by the timing and type of peptide sold, particularly in this first year of operation. The gross margin for the nine months ended July 31, 2026, was $3,465,250 (2025 - $193,564) or 44% (2025 – 37%) of revenue.

The date of inception was October 18, 2024, and there were no financial transactions and for reasons of clarity, no transaction for that period or account balances as at October 31, 2024, therefore there are only seven quarters to report.

Revenue Analysis

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and to assess performance, and for which discrete financial information is available. The Company's CODM is the Chief Executive Officer. The Company has two reportable segments: (i) the purchase and sale of peptide and related longevity products ("Peptides"), and (ii) the billing, transaction processing and distribution business conducted by Royal Longevity, LLC under the MCI agreement ("Royal Longevity") (see Notes 9 and 14). Royal Longevity entered into the MCI agreement on November 30, 2025 and had no operations in the comparative period.

For the nine months ended July 31, 2026, the Peptides segment incurred a loss of $2,981,429. The Royal Longevity segment incurred a loss of $4,680,868, consisting of amortization of $1,333,333, an impairment of $3,394,136 and other expenses of $5,899, less commission revenue of $52,500.'

For the nine months ended July 31, 2026, the commission revenue was $52,500 (2025 - $nil). The Company's subsidiary Royal Longevity, LLC has a services and distribution Agreement with MuseCell Innovations PTE Ltd ('MCI") to provide billing and transaction processing services for sales of MCI products in Florida and Utah in exchange for a fee of 5% of gross sales collected. All the commission revenue was generated in the three month period ending July 31, 2026.

Nine months ended July 31, 2026

	Peptides	Royal Longevity	Total
	$	$	$
Revenue	7,821,887	52,500	7,874,387
Cost of goods sold	(4,409,137)	-	(4,409,137)
Gross profit	**3,412,750**	**52,500**	**3,465,250**
Amortization	(118,594)	(1,333,333)	(1,451,927)
Impairment	-	(3,394,136)	(3,394,136)
Other administrative expenses	(6,275,585)	(5,899)	(6,281,484)
Segment loss	**(2,981,429)**	**(4,680,868)**	**(7,662,297)**
Segment assets	6,429,998	127,576	6,557,574
Segment liabilities	12,423,302	3,325,202	15,748,504

Nine months ended July 31, 2025

	Peptides	Royal Longevity	Total
	$	$	$
Revenue	520,500	-	520,500
Cost of goods sold	(326,936)	-	(326,936)
Gross profit	**193,564**	**-**	**193,564**
Amortization	(65,712)	-	(65,712)
Other administrative expenses	(4,294,084)	-	(4,294,084)
Segment loss	**(4,166,232)**	**-**	**(4,166,232)**
Segment assets (October 31, 2025)	5,063,228	-	5,063,228
Segment liabilities (October 31, 2025)	6,818,614	-	6,818,614

There are no reconciling items between segment totals and the consolidated financial statements.

The geographical breakdown of peptide sales for the nine months ended July 31, 2026, and 2025 are as follows:

Sales of goods by region	Nine months ended July 31, 2026		Nine months ended July 31, 2025	
	$	%	$	%
Europe	2,885,536	37	154,479	30
Middle East	461,925	6	198,759	38
North America	4,451,573	57	166,726	32
Other	22,853	-	536	-
Total	**7,821,887**	**100**	**520,500**	**100**

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

As at July 31, 2026, the Company had a cash balance of $999,201 (October 31, 2025 - $1,612,287) to settle current liabilities of $14,882,366 (October 31, 2025 - 6,818,614). The Company expects to fund these liabilities and its operational activities with cash from SPV upon completion of the reverse takeover, through the issuance of capital stock and through operational revenues over the coming year.

As at July 31, 2026, the Company's cash used in operating activities was $3,364,713 (2025 - $3,932,584), cash from financing activities was $4,736,819 (2025 – $5,980,159) and cash used in investing activities was $1,985,192 (2025 - $nil).

During the nine months ended July 31, 2026, cash used in operating activities was $3,364,713 (2025 - $3,932,584). Cash used during the nine months consists primarily of net loss of $7,662,297 (2025 - $4,166,232), less adjustments for share-based compensation of $226,753 (2025 - $191,699), deferred share-based compensation expensed of $710,500 (2025 - $466,700), amortization of $1,451,927 (2025 - $65,712), impairment of intangible asset - $3,394,136 (2025 - $nil) and net increase in non-cash operating working capital of $1,485,732 (2025 - $490,463).

During the nine months ended July 31, 2026, cash provided by financing activities was $4,736,819 (2025 – $5,980,159). Cash provided during the nine months consists of private placement of $nil (2025 – $390,000), share issue cost of $nil (2025 - $9,426) and advances of $4,736,819 (2025 - $5,599,585).

During the nine months ended July 31, 2026, cash used in investing activities was $1,985,192 (2025 - $nil). Cash used during the nine months was $1,485,192 (2025 - $nil) for the service and distribution license and $500,000 (2025 - $nil) for the purchase of a long term investment.

INTANGIBLE ASSETS

Peptide Protocols

The Company acquired certain proprietary peptide protocols pursuant to a Share Exchange Agreement dated November 27, 2024 whereby it issued 10,400,000 shares in its common stock. On February 27, 2025, the Company returned and cancelled 5,400,000 shares resulting in a net issuance of 5,000,000 shares. The fair value of the shares of $1,265,000 was based on a Calculation Valuation Report prepared by an independent professional valuator. Amortization of $118,594 (2025 - $65,712) was expensed to July 31, 2026 using a straight-line basis over a period of 8 years.

Service and Distribution License – Related Party Agreement

On November 30, 2025, the Company's subsidiary Royal Longevity, LLC ("RL") entered into a three-year Services and Distribution Agreement with MuseCell Innovations PTE Ltd. ("MCI"), a related party (See Note 14, *Obligation under Service and Distribution Agreement – Related Party*). The rights acquired were recorded at the present value of the fixed fees payable, $4,727,469, using a discount rate of 7.45%.

Revenue under the Agreement was $52,500 for the nine months ended July 31, 2026, which indicated impairment. Management determined the recoverable amount to be $nil. After amortization of $1,333,333, an impairment loss of $3,394,136 was recorded in operating expenses.

The following is a recap of the total intangible assets as at July 31, 2026 and 2025:

	July 31, 2026	**October 31, 2025**
	$	**$**
Balance, opening intangible assets	1,265,000	-
Additions	4,727,469	1,265,000
Impairment	(3,394,136)	-
	2,598,333	1,265,000
Balance, opening accumulated amortization	105,139	-
Amortization expense	1,451,927	105,139
Balance, closing accumulated amortization	1,557,066	105,139
Balance, closing net intangible assets	**1,041,267**	**1,159,861**

LONG TERM INVESTMENT

On March 6, 2026, the Company entered into a subscription agreement with Prime Longevity LLC ("PL") a Florida limited liability company for the purchase of 66,000 preferred units in PL for $500,000. The investment was funded on March 13, 2026. On September 10, 2026, the Company made an additional capital contribution of $325,000, bringing total capital contributions to $825,000. The additional contribution did not result in additional units; the Company continues to hold 66,000 preferred units.

As at July 31, 2026, this investment represented 35.5% of the equity of PL. Under the agreement the Company is to receive 100% of the first distributions in PL until their capital contribution is reduced to zero. The pre-agreement unit holders will receive the next 100% of the distribution until their capital contribution is reduced to zero.

Under the agreement, the Company is entitled to designate a member of PL's Board of Directors and has consent rights over certain actions of PL, including changes in equity, officer compensation and material transactions. These rights were suspended at July 31, 2026 because the Proposed Transaction (see Note 19, *Proposed Transaction*) had not closed by June 30, 2026. They were reinstated on September 3, 2026 and will continue regardless of when the Proposed Transaction closes. Should the Proposed Transaction be completed, the two original founders of PL will provide advisory services and each receive 100,000 Restricted Share Units ("RSUs") in the new public entity (200,000 in aggregate). PL no longer has the right to repurchase the Company's units unless agreed in writing by PL, the founders and the Company.

As at July 31, 2026, PL had not commenced operations. Accordingly, there has been no change in the carrying amount of the asset and no resulting impact on the Company's Consolidated Statement of Loss and Comprehensive Loss.

RELATED PARTY TRANSACTIONS

Compensation and payments to key management personnel was as follows:

		For the Nine months ended July 31, 2026	For the Nine months ended July 31, 2025
		$	**$**
Fees and short-term benefits – management			
Dr. Pradeep Albert	Chief executive officer	486,580	119,450
Chris Cooper	Chief financial officer	100,000	-
Timmi Stump	Chief commercial officer	294,238	176,716
Ted Stover	Chief operating officer	86,762	-
Shannon Louden	Former chief product officer	96,851	168,361
Jason Suslak	Former chief legal officer	32,002	64,350
Kevin Rabbitt	Former chief executive officer	68,643	260,167
Frank Dunsford	Former chief financial officer	41,143	138,932
Fees and short-term benefits – directors			
James McRoberts	Chairman of the Board	10,000	-
Richard Serbin	Former Director	-	12,600
Mark Patricof	Former Director	667	21,700
Share-based awards		195,509	84,800
		1,412,395	**1,047,076**

As at July 31, 2026, $232,034 (October 31, 2025 - $nil) is due to directors, officers and former officers of the Company for fees payable. The amounts were fully paid subsequent to the period-end.

As at July 31, 2026, the fair value of deferred share-based compensation allocated to directors, officers and former officers is $nil (October 31, 2025 - $430,300).

As at July 31, 2026, $59,200 (October 31, 2025 - $nil) was receivable from MuseCell Innovations, PTE Ltd., a related party.

See Note 14, *Obligation under Service and Distribution Agreement – Related Party*.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to C$100,000 in Canada and $250,000 in the United States. Financial instruments included in receivables consist of amounts due from government agencies. As at July 31, 2026, management considers the Company’s exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at July 31, 2026, the Company had a cash balance of $999,201 (October 31, 2025 - $1,612,287) to settle current liabilities of $14,882,366 (October 31, 2025 - $6,818,614). So far, the Company's major source of funding has been the issuance of equity securities and advances from Vesalius Longevity Labs (SPV) Inc. There can be no assurance of continued access to these sources of funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The United States dollar equivalent of the amounts denominated in foreign currencies as at July 31, 2026 and October 31, 2025:

	CAD	EUR
July 31, 2026	$	$
Financial assets	44,354	-
Financial liabilities	116,789	559,833
October 31, 2025		
Financial assets	44,841	-
Financial liabilities	109,665	136,106

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

SHARES AND SHARE-BASED UNITS

The Company has the following common shares and stock options outstanding.

Common shares

As at July 31, 2026 and at the date of this report, the issued and outstanding share capital is comprised of 98,000,000 common shares.

Share Options

For the nine months ended July 31, 2026, no stock options were granted.

For the year ended October 31, 2025, certain management and directors, pursuant to their service agreements, were granted 2,750,000 stock options effective should the Company becomes part of a listing on a public Canadian stock exchange.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report and were not applied in preparing the audited financial statements. None of these are expected to have a material effect on the financial statements of the Company.

CAPITAL COMMITMENTS

The Company has no commitments for equipment expenditures for 2026. The Company has forecasted that any property and equipment expenditures, based on future needs, will be funded from working capital and/or from operating or capital leases.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.
Management must make significant judgments or assessments as to how financial assets and liabilities are categorized. The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the United States dollar, which is also the reporting currency of the Company.

The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21. An entity considers the following factors in determining the functional currency of entities under its control:

i) the currency that mainly influences sales prices for goods and services,
ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and
iii) the currency that mainly influences labour, material and other costs of providing goods or services.

c) Taxation

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statements of financial position date and the likelihood of deferred tax assets being realized.

d) Share-based compensation

Share-based compensation in the form of options granted to management and employees have been valued using the Black-Scholes pricing model. Some of the inputs are subjective, include in the expected volatility of the price of the Company's comm shares, the expected term of the option, expected dividend yield and expected forfeiture rates. In addition, where grants have been predicated on future events, management has used their judgment in determining the likelihood of these events happening, recording transactions where it is more likely than not to occur.

e) Long term investments

The Company uses the equity method of accounting for investments in other entities over which it has significant influence but not control. Significant influence is presumed to exist when the Company holds 20% or more of the voting power, unless clearly demonstrated otherwise, and may also arise through representation on the board of directors, participation in policy-making processes, material transactions between entities, interchange of managerial personnel, or provision of essential technical.

Under the equity method, the investment is initially recognized at cost. Subsequently, the carrying amount is adjusted to recognize the Company's share of the post-acquisition profits or losses of the associate entity, with a corresponding adjustment to profit or loss. The Company's share of other comprehensive income of the associate entity is recognized directly in other comprehensive income.

Distributions received from the associate entity reduce the carrying amount of the investment. The carrying amount of the investment is also adjusted for changes resulting from other equity transactions to the extent of the Company's proportionate interest.

The investment is assessed at each reporting date for indicators of impairment. Where an indicator of impairment exists, the carrying amount is compared to the recoverable amount (being the higher of value in use and fair value less costs of disposal). Any impairment loss is recognized immediately in profit or loss.

Unrealized gains and losses arising from transactions between the Company and the associate entity are eliminated.

GOING CONCERN

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred a net loss for the nine months ended July 31, 2026, of $7,662,297 (2025 - $4,166,232) and an accumulated deficit of $12,818,340 (October 31, 2025 - $5,156,043). As at July 31, 2026, the Company had cash of $999,201 and a working capital deficiency of $9,866,059, which includes advances of $10,871,628 payable on demand to SPV. The Company's ability to meet its obligations, including the remaining license fee payments under the MCI distribution agreement (see Note 14, *Obligation Under Service and Distribution Agreement – Related Party)*, depends on completing the Proposed Transaction. Subsequent to July 31, 2026, $5,500,000 of SPV subscription receipt proceeds held in escrow were released, and the Company received $4,000,000 in additional advances from SPV to fund operations. The advances from SPV are expected to be eliminated on amalgamation. If the Proposed Transaction is not completed by October 31, 2026, the Company will need to obtain alternative financing, and there is no assurance it will be available. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financing, or generate profitable operations in the future.

RISK FACTORS

In addition to the other information in this report, you should carefully consider the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, financial condition and operating results. Many factors affect our business, some of which are beyond our control. The ongoing costs and obligations of running a public company; future acquisitions or dispositions; management of growth; security breaches; changes in laws, regulations and guidelines; and management's success in anticipating and managing the foregoing factors.

The Issuer’s business model is structured around the Section 503A framework for compounding pharmacies, and the Issuer has identified a Section 503B outsourcing facility as an acquisition target. The regulatory requirements for Sections 503A and 503B differ materially, and any acquisition of a 503B facility would subject the Issuer to additional regulatory obligations, including FDA registration, reporting, and inspection requirements, as well as compliance with cGMP standards applicable to outsourcing facilities. Failure to comply with these requirements could result in enforcement actions, including warning letters, injunctions, or withdrawal of the facility’s registration. There can be no assurance that the Issuer will be able to successfully complete any such acquisition, integrate the acquired operations, or maintain regulatory compliance with the applicable 503B requirements.

The Issuer does not currently have in place active monitoring procedures or systematic oversight mechanisms to independently verify, on an ongoing basis, that its third-party Section 503A compounding pharmacy partners are satisfying all of the conditions required to qualify for the Section 503A exemption. The Issuer relies principally on contractual representations and warranties from its pharmacy partners and their general representations of regulatory compliance, but does not conduct independent audits, on-site inspections, or continuous verification of 503A condition compliance at the manufacturer or pharmacy level. As a result, the Issuer may not be aware in a timely manner of any failure by a manufacturing partner to meet the conditions of Section 503A, and may, in the interim, continue to distribute or market products that do not qualify for the 503A exemption.

Any failure by one or more of the Issuer's 503A manufacturing partners to satisfy the applicable conditions of Section 503A, and the Issuer's limited ability to detect or prevent such failure on a real-time basis, could result in enforcement actions against the Issuer or its manufacturing partners, disruption of product supply, loss of revenue, product recalls, and significant reputational harm to the Issuer. Given the FDA's heightened enforcement posture with respect to the compounding industry, as described elsewhere in these Risk Factors, the risk that the Issuer becomes inadvertently exposed to enforcement actions arising from a third-party pharmacy's non-compliance with Section 503A conditions is a material risk to the Issuer's business. Investors should not assume that the Issuer's current compliance framework is sufficient to detect or prevent such non-compliance in advance of an FDA investigation or enforcement action.
Additionally, the legal framework governing compounding under Sections 503A and 503B has been the subject of legislative proposals, judicial challenges, and ongoing FDA rulemaking. Any changes to the statutory or regulatory framework governing compounding—including changes to the conditions under which compounding is permitted, the scope of permissible distribution, or the FDA’s enforcement priorities—could materially and adversely affect the Issuer’s business, financial condition, and results of operations.

These risk factors are not intended to represent a complete list of the risk factors that could affect the Company, many factors could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this document. All the forward-looking statements made in this document are qualified by these cautionary statements.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this news release may constitute forward-looking information. Forward looking information is often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “will”, “intend”, “should”, and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company’s actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, changes to the Company’s strategic growth plans, and other factors, many of which are beyond the control of the Company. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward looking information contained in this news release represents the Company’s expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.