Unaudited Condensed Interim Consolidated Financial Statements

HLS Therapeutics Inc.

For the Three Months Ended March 31, 2026

HLS THERAPEUTICS INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

[in thousands of U.S. dollars]

	Notes	As at March 31, 2026	As at December 31, 2025
ASSETS			
Current			
Cash		12,326	11,723
Accounts receivable	3	8,132	7,862
Inventories		7,362	8,139
Other current assets		1,128	1,370
Total current assets		28,948	29,094
Property, plant and equipment		1,174	1,338
Intangible assets	4	99,633	105,626
Deferred tax asset		1,010	1,143
Other non-current assets		322	328
Total assets		131,087	137,529
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		9,926	10,438
Provisions	5	13,699	10,456
Debt and other liabilities	6	4,716	4,817
Income taxes payable		481	410
Total current liabilities		28,822	26,121
Debt and other liabilities	6	40,837	46,678
Deferred tax liability		2,858	3,060
Total liabilities		72,517	75,859
Shareholders' equity			
Share capital	7	256,338	256,338
Contributed surplus		16,392	16,164
Accumulated other comprehensive loss		(7,711)	(6,680)
Deficit		(206,449)	(204,152)
Total shareholders' equity		58,570	61,670
Total liabilities and shareholders' equity		131,087	137,529

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

HLS THERAPEUTICS INC.

INTERIM CONSOLIDATED STATEMENTS OF LOSS

Unaudited

[in thousands of U.S. dollars, except per share amounts]

	Notes	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue	9	12,864	12,623
Expenses			
Cost of product sales		2,681	2,398
Selling and marketing		2,984	2,830
Medical, regulatory and patient support		1,509	1,436
General and administrative		2,227	2,139
Stock-based compensation	10	142	651
Amortization and depreciation		5,536	5,360
Finance and related costs, net	11	(7)	1,972
Other costs		87	296
Loss before income taxes		(2,295)	(4,459)
Income tax expense (recovery)	8	2	(23)
Net loss for the period		(2,297)	(4,436)
Net loss per share:			
Basic and diluted	7	$(0.07)	$(0.14)

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

HLS THERAPEUTICS INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited

[in thousands of U.S. dollars]

	Three months ended March 31,	
	2026	**2025**
Net loss for the period	(2,297)	(4,436)
Item that may be reclassified subsequently to net loss		
Unrealized foreign currency translation adjustment	(1,031)	312
Comprehensive loss for the period	(3,328)	(4,124)

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

HLS THERAPEUTICS INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Unaudited
[in thousands of U.S. dollars]

	Notes	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance as at December 31, 2025		256,338	16,164	(6,680)	(204,152)	61,670
Stock option expense	10	—	228	—	—	228
Net loss for the period		—	—	—	(2,297)	(2,297)
Unrealized foreign currency translation adjustment		—	—	(1,031)	—	(1,031)
Balance as at March 31, 2026		256,338	16,392	(7,711)	(206,449)	58,570
Balance as at December 31, 2024		260,595	15,136	(10,210)	(194,180)	71,341
Shares repurchased		(459)	—	—	283	(176)
Change in share purchase obligation		—	(495)	—	—	(495)
Stock option expense	10	—	252	—	—	252
Net loss for the period		—	—	—	(4,436)	(4,436)
Unrealized foreign currency translation adjustment		—	—	312	—	312
Balance as at March 31, 2025		260,136	14,893	(9,898)	(198,333)	66,798

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

HLS THERAPEUTICS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
[in thousands of U.S. dollars]

	Notes	Three months ended March 31, 2026	2025
OPERATING ACTIVITIES			
Net loss for the period		(2,297)	(4,436)
Adjustments to reconcile net loss to cash provided by operating activities			
Stock-based compensation	10	142	651
Amortization and depreciation		5,536	5,360
Accreted interest expense	11	106	308
Foreign exchange		(793)	—
Deferred income taxes	8	(69)	(289)
Net change in non-cash working capital balances related to operations	12	3,742	1,949
Cash provided by operating activities		6,367	3,543
INVESTING ACTIVITIES			
Additions to intangible assets	4	(383)	—
Additions to property, plant and equipment		—	(21)
Cash used in investing activities		(383)	(21)
FINANCING ACTIVITIES			
Shares repurchased		—	(176)
Repayment of credit agreement borrowing	6	(5,099)	(2,960)
Lease payments	6	(162)	(143)
Cash used in financing activities		(5,261)	(3,279)
Net increase in cash during the period		723	243
Foreign currency translation		(120)	35
Cash, beginning of period		11,723	17,456
Cash, end of period		12,326	17,734

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

1. CORPORATE INFORMATION

HLS Therapeutics Inc. (the “Company”) is a specialty pharmaceutical company, which acquires and commercializes pharmaceutical products for the North American markets.

The Company’s common shares are listed on the Toronto Stock Exchange under the symbol “HLS”.

The registered office, head office and principal address of the Company is located at 10 Carlson Court, Suite 701, Toronto, Ontario M9W 6L2.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Company’s Board of Directors on May 14, 2026.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements conform with those used in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2025.

These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2025.

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The Company’s presentation currency is the United States dollar. All dollar amounts are rounded to the nearest thousand ($000), except where otherwise indicated.

Significant estimates, judgments and assumptions

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis. The preparation of the Company’s unaudited condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amounts of the assets or liabilities affected, and corresponding revenue and expenses, in future periods.

[expressed in thousands of U.S. dollars, unless otherwise noted]

Commitments and contingencies

There have been no material changes in the commitments undertaken or contingencies faced by the Company since the year ended December 31, 2025.

3. ACCOUNTS RECEIVABLE

	March 31, 2026	December 31, 2025
Trade accounts receivable	7,021	6,894
Royalties receivable	215	160
Other receivables	896	808
	8,132	7,862

4. INTANGIBLE ASSETS

	Product rights	Distribution rights	Acquired royalties	Total
Cost				
As at December 31, 2025	310,776	24,098	2,320	337,194
Additions	—	383	—	383
Foreign exchange	(2,930)	(385)	—	(3,315)
As at March 31, 2026	307,846	24,096	2,320	334,262
Accumulated amortization				
As at December 31, 2025	215,236	15,042	1,290	231,568
Amortization	5,176	135	54	5,365
Foreign exchange	(2,075)	(229)	—	(2,304)
As at March 31, 2026	218,337	14,948	1,344	234,629
Net book value				
As at March 31, 2026	89,509	9,148	976	99,633

5. PROVISIONS

	Chargebacks and rebates	Returns	Total
Balance as at December 31, 2025	9,778	678	10,456
Charges	4,731	181	4,912
Utilization	(1,604)	(65)	(1,669)
Balance as at March 31, 2026	12,905	794	13,699

[expressed in thousands of U.S. dollars, unless otherwise noted]

6. DEBT AND OTHER LIABILITIES

	March 31, 2026	December 31, 2025
Current		
Credit agreement borrowing	4,253	4,325
Lease obligation	463	492
	4,716	4,817
Non-current		
Credit agreement borrowing	38,794	44,453
Deferred share units	1,624	1,673
Lease obligation	419	552
	40,837	46,678
	45,553	51,495

Credit agreement

Carrying amount as at December 31, 2025	48,778
Repayments	(5,099)
Accreted interest	98
Foreign exchange	(730)
Carrying amount as at March 31, 2026	43,047
Less current portion	4,253
Non-current portion as at March 31, 2026	38,794

On August 19, 2025, the Company entered into a credit agreement with National Bank of Canada as the administrative agent, which provides for committed credit facilities denominated in Canadian dollars of up to C$107,000. The credit agreement has a maturity date of August 19, 2029.

The credit agreement consists of a C$79,000 term credit facility, a C$14,000 delayed draw facility and a C$14,000 revolving credit facility. In addition, the Company can increase the available facilities further through an uncommitted C$40,000 accordion facility (subject to lender agreement).

The principal amount of the term facility outstanding as at March 31, 2026 is $44,183 (C$61,556), of which $4,253 is classified as current.

Interest on the credit agreement borrowing accrues at a rate per month equal to the sum of the Canadian Overnight Repo Rate Average ("CORRA") plus a range of 2.25% to 3.5% depending on the leverage ratio of the Company at the time.

The Company may choose to repay some or all of the amount outstanding at any time during the term.

Under the terms of the credit agreement, the lenders have security over substantially all of the assets of the Company.

Under the terms of the new credit agreement, the Company is required to comply with financial covenants related to the maintenance of operational results and coverage ratios. As at March 31, 2026, the Company is in compliance with the covenants.

[expressed in thousands of U.S. dollars, unless otherwise noted]

Lease obligations

Carrying amount as at December 31, 2025	1,044
Additions	6
Payments	(162)
Accreted interest	8
Foreign exchange	(14)
Carrying amount as at March 31, 2026	882
Less current portion	463
Non-current portion as at March 31, 2026	419

7. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued and outstanding

The issued and outstanding common shares are as follows:

	#	**$**
Balance as at December 31, 2025 and March 31, 2026	31,273,681	256,338

Stock option plan

A summary of the changes to the stock options outstanding is presented as follows:

	Number of options (#)	**Weighted average exercise price per share ($)**
Outstanding as at December 31, 2025	2,820,965	4.12
Forfeited/expired	(19,189)	4.58
Outstanding as at March 31, 2026	2,801,776	4.05

Loss per share

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all dilutive potential securities into common shares.

[expressed in thousands of U.S. dollars, unless otherwise noted]

The following is a reconciliation of the numerator and denominator used for the computation of the basic and diluted loss per share amounts:

	Three months ended March 31, 2026	2025
Net loss for the period	(2,297)	(4,436)
Weighted average number of common shares outstanding – basic	31,273,681	31,793,047
Effect of dilutive securities	—	—
Weighted average number of common shares outstanding – diluted	31,273,681	31,793,047

The calculation of diluted loss per share in the first quarter of fiscal 2026 excludes 2,809,690 (2025 – 2,945,054) weighted average common shares issuable upon the exercise of options, because the effect of their issuance would be anti-dilutive.

8. INCOME TAXES

The significant components of the Company's income tax expense (recovery) are as follows:

	Three months ended March 31, 2026	2025
Current income tax expense	71	266
Deferred income tax recovery resulting from temporary differences	(69)	(289)
	2	(23)

The difference between the amount of the income tax expense (recovery) and the amount computed by multiplying loss before income taxes by the statutory Canadian, United States and Barbados income tax rates is reconciled as follows:

	Three months ended March 31, 2026	2025
Loss before income taxes	(2,295)	(4,459)
Tax recovery at Canadian corporate tax rate	(608)	(1,182)
Items not included or deducted for income tax purposes	(163)	66
Income subject to tax in foreign jurisdictions	74	106
Tax losses not recognized	699	987
	2	(23)

[expressed in thousands of U.S. dollars, unless otherwise noted]

9. SEGMENTED INFORMATION

The Company is composed of a single reportable segment.

Revenue is generated from the following sources:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Product sales		
Canada	9,965	9,708
United States	2,653	2,718
	12,618	12,426
Royalties	246	197
	12,864	12,623

Revenue is generated from the following geographic sources, by location of customer:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Canada	9,979	9,743
United States	2,726	2,789
Rest of the world	159	91
	12,864	12,623

10. STOCK-BASED COMPENSATION

	Three months ended March 31, 2026	Three months ended March 31, 2025
Performance share unit recovery	—	(16)
Deferred share unit expense	(86)	415
Stock option expense	228	252
	142	651

[expressed in thousands of U.S. dollars, unless otherwise noted]

11. FINANCE AND RELATED COSTS, NET

	Three months ended March 31, 2026	2025
Interest expense	695	1,710
Accreted interest expense	106	308
Interest income	(12)	(32)
Net interest expense	789	1,986
Foreign exchange gain	(796)	(14)
	(7)	1,972

12. INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	Three months ended March 31, 2026	2025
Accounts receivable	(367)	(243)
Inventories	650	1,608
Other assets	226	318
Accounts payable and accrued liabilities	(81)	(170)
Provisions	3,243	194
Income taxes payable	71	242
	3,742	1,949

Net interest of $683 (2025 – $1,678) and income taxes of nil (2025 – $24) were paid during the three months ended March 31, 2026.