MARCAN

MANTRA PHARMA®

Joint Annual Report

Marcan Pharmaceuticals Inc. and Mantra Pharma Inc.

Fighting Against Forced Labour and Child Labour in Supply Chains Act

This is a joint report prepared by Marcan Pharmaceuticals Inc. ("**Marcan**") and Mantra Pharma Inc. ("**Mantra**" and collectively with Marcan "**we**", "**us**", "**our**", "**Corporation**" or "**Company**"), two innovative and growing entities in an ecosystem of Canadian pharmaceutical and healthcare companies.

The purpose of this joint report is to illustrate the actions taken by our Company over the past year to prevent and mitigate risks related to the use of forced labour or child labour at any stage of our supply chain of products or services.

As a commitment to maintain a continuous improvement process in our respective supply chains, an update of this report is produced no later than May 31st of each year.

This report is made in accordance with the **Fighting Against Forced Labour and Child Labour in Supply Chains Act**[1] (the "**Act**").

Joint report for the fiscal year ended March 31st, 2026.

1. L.C. 2023, c. 9

1 Our Companies

Structure, Activities and Supply Chains

Structure and Activities

Founded in 2005 and headquartered in Ontario, Marcan is a pharmaceutical company actively engaged in the development, marketing, sales and distribution of branded and generic pharmaceutical products for the Canadian market. Marcan currently manufactures and distributes a variety of medication covering a wide range of therapeutic classes across many dosage forms. It markets high-quality, affordable medication in the Canadian market and has a strong presence in the Indian, American and European markets. In 2015, Marcan was acquired by Emcure Pharmaceuticals LTD, a vertically integrated global manufacturer and leader in research and development.

Founded in 2006 and headquartered in Quebec, Mantra is focused on the licensing and acquisition, distribution and marketing of generic prescription pharmaceutical products for the Canadian market. On the other hand, Mantra also develops and markets many natural health products for the Canadian consumer. With its main mission to help better care for people, Mantra offers privileged access to health professionals through the efficient marketing of quality pharmaceutical products. Since November 2023, Marcan has been a shareholder of Mantra. In April 2026, Mantra also acquired Cutimed Inc., a Quebec-based company active in the skincare sector, thereby expanding its activities within Canada's healthcare ecosystem.

The activities of our Company are heavily regulated by Health Canada, a federal institution that is part of the portfolio of the ***Department of Health of Canada***.

Supply Chains

Our Company's supply chains include a wide range of products and services, including:

- Pharmaceuticals and Natural Health Products
- Packaging and labelling products
- Active pharmaceutical ingredients
- IT Products and Services
- Freight transport

We purchase medication and other goods and services from business partners located in Canada and around the world. We strive to work partners who share our commitment to high ethical standards and who operate treat their employees responsibly.

Typically, the finished products supplied by our direct suppliers are mainly produced in North America, Europe and India.

Forced labour and child labour are fundamentally opposed to our values. We seek out and prioritize relationships with suppliers, consultants and subcontractors who align with our commitment to ethical practices and responsible labour standards.

2 Policies and Due Diligence Processes

Policies

Our Company has a zero-tolerance approach to forced labour and child labour and will respond accordingly to any transgression. To do this, we choose our suppliers carefully.

On May 17, 2024, a formal letter was issued to our major suppliers of finished pharmaceutical products outlining our expectations with respect to the prohibition of forced labour and child labour. In furtherance of these expectations, a compliance clause addressing such prohibitions has been implemented across all new contracts, contract amendments, and renewals. Execution of these agreements constitutes confirmation by all parties of their commitment to comply with the requirements set out under the Act.

As a partner with several major pharmaceutical banners and distributors, we adhere to several codes of ethics and supplier code of conduct aimed at ensuring that our ecosystem continues to treat people with dignity and respect by respecting human rights and applicable employment standards.

Since its enactment, we have work towards the development of a mapping program to ensure that our supply chains are and remain healthy in compliance with the Act.

Due Diligence Process

Recognizing the importance of the Act in the context of our supply chain, we are dedicated to strengthening our due diligence with respect to forced labour and child labour, taking an approach that is proportionate to the existing risks.

It is important to remember that our companies are part of a highly regulated ecosystem and we applaud Health Canada's mission to ensure a very high level of compliance with applicable regulations. We would also like to remind you that the ***Good Manufacturing and Quality Practices*** (GMP) guidelines set out by Health Canada and advocated by our companies were written with a view to harmonizing with the GMP standards of various recognized and highly regulated global organizations[1]:

- the World Health Organization (WHO)
- the Pharmaceutical Inspection Cooperation/Scheme (PIC/S)

1. For more information please consult: *Good manufacturing practices guide for drug products (GUI-0001)* on Health Canada's website.

- the International Council on Harmonisation (ICH)
- the International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH)
- other regulatory agencies in other countries.

Health Canada has also signed *Mutual Recognition Agreements* (MRAs) for drug/medicinal products *Good Manufacturing Practices (GMP) Compliance Programs* with other international regulatory authorities, as well as other agreements with other parties.

In order to properly guide our suppliers of finished products, our teams are adequately trained in *Good Manufacturing and Quality Practices* (GMP) and apply the *Good Manufacturing Practices Guidelines for Drugs (GUI-0001)* set out by Health Canada on a daily basis.

Quality Agreement

In selecting our suppliers of finished products, we require that each of them commits to and sign a *Quality Agreement* under which the supplier agrees to meet various standards with respect to, among other things, the manufacturing, packaging, quality control, quality assurance, storage and shipping of each product, all in accordance with *Good Manufacturing and Quality Practices* ("**GMP**") required by Health Canada.

In our *Quality Agreements*, we require each of our finished product suppliers to carry out its activities and responsibilities in accordance with the relevant GMP guidelines, policies and regulations required by Health Canada.

In addition, each of our suppliers acknowledges and commits to us that they will submit to an inspection of their facilities, processes and documentation related to the production of their products by the *Health Products and Food Branch Inspectorate (HPFBI)*, which is responsible for the delivery of establishment licences and related laboratory functions. In fulfilling its responsibilities, the *Inspectorate* adopts a risk management approach to decision-making and applies senior management's vision of a comprehensive regulatory strategy across all product classes.

Being highly regulated by Health Canada, our companies also remain in close contact with

its direct suppliers to ensure the quality of the finished products offered to Canadian citizens. We conduct visits/audits/inspections by our internal employees, management and/or independent audit firms to ensure an audit of stakeholders in our supply chains.

Standard Operating Procedures (SOPs)

In accordance with GMP requirements by Health Canada, each of our companies has standard operating procedures (commonly referred to as "**SOPs**") that describe all areas of operation of our companies and how we comply with GMP requirements.

Our Quality Agreements and SOPs require that each of our finished product suppliers retains personnel with the appropriate qualifications, education and expertise to carry out all operations related to the production of a product.

We also require our suppliers of finished goods to adopt a formal training program that must be described in a standardized, written, and approved written procedure. Training records must be maintained, and each staff member must be trained in accordance with GMP, as required by Health Canada.

Supplier Code of Conduct

Finally, as part of our plan to formalize expected work standards and exceptional ethical conduct, we are in the process of developing a robust Supplier Code of Conduct (the "**Code**"), drafted in accordance with NP 58-201, including its alignment with International Labour Organization (ILO) principles, and to include reference to the Anti-Bribery and Anti-Corruption Policy and the broader compliance policy framework. This Code, which is aimed to be available via our website in 2026-2027, will apply to our Company, its employees, contractors, suppliers and all other business partners, and will reflect our core values of conducting business ethically, honestly and with the highest standards of integrity in procurement.

3 Risk Assessment and Management

The Company maintains a strong commitment to ethical business practices and the ongoing monitoring of its supply chains to identify and address any risks related to forced labour or child labour. Any non-compliance with these expectations will be subject to careful investigation and remediation.

As of the date of this joint report, no cases of forced labour or child labour have been brought to our attention through our respective supply chains.

4 Remediation Measures

As of the date of this joint report, no instances of forced labour or child labour have been identified within our respective supply chains. Accordingly, no remediation measures have been required address the use of such practices, nor has there been a need to implement measures to mitigate potential loss of income for vulnerable families resulting from efforts to eliminate such practices.

5 Employee Training

As part of an ongoing commitment to continuous improvement, we provide training to our employees and management to raise awareness about the prohibition of forced labour and child labour.

We continue to address these issues to ensure that everyone in our businesses is adequately informed about the concepts of modern slavery.

6 Assessing Effectiveness

We recognize that the risks associated with forced labour and child labour are constantly changing and evolving. We also recognize that effective methods to identify and combat forced labour and child labour are developed over time and continue to be improved.

We continue to monitor and evaluate these developments and our approach to the prevention of forced labour and child labour are reviewed annually so that we can continue to adapt and improve our approach in accordance with best practices in the industry.

7 Conclusion

We are committed to conducting our business ethically and with integrity, and to respecting people's rights. We expect all stakeholders who do business with us to share the same commitments and work to the same high standards of compliance.

We are proud to offer our employees fair wages, good working conditions, a healthy and safe working environment and to promote the development and dignity of our employees. We are also proud of the internal processes we have developed, which reflect the ongoing formalization and strengthening of our internal compliance framework.

8 Approval and Attestation

The boards of directors of each of Marcan and Mantra have approved this joint report.

In accordance with the requirements of the Act, and in particular section 11 thereof, each of us certifies that we have reviewed the information contained in the joint report for the entities listed below. Based on our knowledge, and having exercised reasonable diligence, we hereby attest that the information in the joint report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

MARCAN PHARMACEUTICALS INC.

Signed by Sudheer Paladugu
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Sudheer Paladugu

President, duly authorised
to bind Marcan Pharmaceuticals Inc.

May 28th, 2026

MANTRA PHARMA INC.

Signed by Jean-Francois Letarte
Jean-Francois Letarte
I approve this document
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Jean François Letarte

President, duly authorised
to bind Mantra Pharma Inc.

May 28th, 2026