Financial Statements
(In thousands of Canadian dollars)

LUPIN PHARMA CANADA LTD.

And Independent Auditor's Report thereon

Year ended March 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lupin Pharma Canada Ltd.

Opinion

We have audited the financial statements of Lupin Pharma Canada Ltd. (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of comprehensive income (loss) for the year then ended
- the statement of retained earnings for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Prospective Change in Accounting Policy

We draw attention to Note 2(b) to the financial statements which indicates that the Entity has changed its accounting policy for costing of inventories. Due to the immaterial amount of the

change, the Entity has applied that change prospectively instead of retrospectively

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 2, 2025

LUPIN PHARMA CANADA LTD.

Statement of Financial Position
(In thousands of Canadian dollars)

March 31, 2025, with comparative information for 2024

	Note	2025	2024
Assets			
Current assets:			
Cash		$ 5,826	$ 6,966
Trade receivables	11(a)	6,079	5,380
Due from related parties	11(a),15(b)	2,510	4,649
Inventories	3	22,867	28,933
Prepaid expenses and deposits		484	264
Other assets		745	431
Total current assets		38,511	46,623
Non-current assets :			
Equipment	4	-	4
Right-of-use assets	5	292	425
Leasehold improvements	4	18	26
Deferred tax assets	9	1,026	896
Intangible assets	6	7,234	1,882
Total non-current assets		8,570	3,233
Total assets		$ 47,081	$ 49,856
Liabilities and Equity			
Current liabilities:			
Trade payables	11(b)	$ 2,824	$ 848
Accrued liabilities	11(b),12(c)	1,772	2,185
Income tax payable	11(b)	1,061	72
Due to related parties	11(b)&(c),15(b)	31,164	41,011
Lease liabilities	11(b),13	188	178
Total current liabilities		37,008	44,294
Non-current liabilities:			
Lease liabilities	11(b),13	116	303
Accrued liabilities - other	11(b),12(c)	43	8
Total liabilities		37,167	44,605
Equity:			
Share capital	10	3,300	3,300
Retained earnings		6,613	1,951
Total equity		9,913	5,251
Total liabilities and equity		$ 47,081	$ 49,856

The accompanying notes 1-16 are an integral part of these financial statements.

LUPIN PHARMA CANADA LTD.

Statement of Operations and Comprehensive Income (Loss)
(In thousands of Canadian dollars)

Year ended March 31, 2025, with comparative information for 2024

	Note	2025	2024
Revenue		$ 65,438	$ 48,208
Cost of goods sold	3, 15	49,378	42,937
Gross profit		16,060	5,271
Expenses:			
Selling and marketing	7	7,315	6,305
General and administrative	7, 15	7,662	6,151
Royalty		706	185
Foreign exchange loss		176	25
Intangible impairment	6	241	
		16,100	12,666
Other income	15	6,468	6,266
Income (loss) from operating activities		6,428	(1,129)
Finance costs for lease liabilities	13	(14)	(19)
Income (loss) before taxes		6,414	(1,148)
Income tax expense (recovery)	8	1,752	(259)
Net income (loss) and comprehensive income (loss)		$ 4,662	$ (889)

Statement of Changes in Equity
(In thousands of Canadian dollars)

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Retained earnings, beginning of year	$ 1,951	$ 2,840
Net income (loss) and comprehensive income (loss)	4,662	(889)
Retained earnings, end of year	$ 6,613	$ 1,951

The accompanying notes 1-16 are an integral part of these financial statements.

LUPIN PHARMA CANADA LTD.

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Net income (loss) and comprehensive income (loss)	$ 4,662	$ (889)
Income tax payment	(893)	(595)
Items not involving cash:		
Depreciation of equipment	4	4
Depreciation of right-of-use assets	133	133
Depreciation of intangible assets	629	100
Depreciation of leasehold improvements	8	8
Income tax expense (recovery)	1,752	(259)
Finance cost	14	19
Intangible impairment	241	-
	6,550	(1,479)
Change in non-cash operating working capital:		
Trade receivables	(699)	(708)
Due from related parties	2,139	(1,195)
Inventories	6,066	(11,302)
Prepaid expenses and deposits	(220)	(129)
Other current assets	(314)	(329)
Trade payables	1,976	145
Accrued liabilities	(378)	721
Due to related parties	(9,847)	20,311
	5,273	6,035
Investments:		
Purchase of intangible assets	(6,222)	(478)
Financing:		
Payment of lease liabilities	(191)	(188)
Increase (decrease) in cash	(1,140)	5,369
Cash, beginning of year	6,966	1,597
Cash, end of year	$ 5,826	$ 6,966

The accompanying notes 1-16 are an integral part of these financial statements.

Nature of operations:

Lupin Pharma Canada Ltd. (the "Company") was incorporated on June 18, 2009. The Company is domiciled in Canada and the head office and registered address is 6733 Mississauga Road, Suite 601, Mississauga, Ontario. The Company is a 100% subsidiary of Lupin Atlantis Holdings S.A. (the "Parent"), which is a 100% subsidiary of Lupin Limited (the "Ultimate Parent"). Its core business is to sell and distribute pharmaceutical products, to provide marketing services and to register and/or license dossiers/products/brands in Canada.

1. Basis of preparation:

(a) Statement of compliance and basis of measurement:

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”).

These financial statements have been prepared by management under the historical cost convention.

The financial statements were authorized for issue by the Board of Directors on 1st May 2025.

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information is presented in Canadian dollars.

(c) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

1. Basis of preparation (continued):

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 2(c) - Intangible assets
- Note 2(e) - Recognition of deferred tax assets;
- Note 2(g) - Revenue recognition: estimate of expected returns;
- Note 11(a) - Trade receivables;
- Note 12 - Share-based payments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 2(g) - Revenue recognition: estimate of expected returns;
- Note 11(a) - Measurement of expected credit losses ("ECL") allowance for trade receivables;
- Note 14 - Recognition and measurement of provision and contingencies: key assumption about the likelihood and magnitude of an outflow of resources.

2. Material accounting policies:

The material accounting policies applied in the preparation of the financial statements are set out below:

(a) Foreign currency transactions:

Transactions in foreign currencies are comprised of purchases from affiliated companies and non-related parties, freight charges and operating expenses from third parties. These transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. The resulting foreign currency gains or losses are recognized in income or loss in the statement of comprehensive income (loss). Non-monetary items are carried at historical cost.

(b) Inventories:

Inventories are comprised of generic and branded pharmaceutical products and are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes all costs incurred in bringing the products to their present location.

During the year, there was a change in accounting policy relating to the costing of inventories. The inventory valuation policy was changed from first-in-first-out method to weighted average cost method. As the amount was considered to be immaterial, the prior period impact of $101 is included in the current year statement of operations and comprehensive income (loss).

(c) Intangible assets:

Licenses providing the right to market, distribute and sell pharmaceutical products represent intangible assets and are recognized and measured at cost. The costs of licenses acquired that meet the specified criteria for capitalization are allocated to individual assets acquired.

Amortization commences when product sales have commenced. These licenses will be amortized on a straight-line basis over 10 years, which is the duration of the license period. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

2. Material accounting policies (continued):

Licenses are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows from other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income (loss). Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(d) Impairment of non-financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses on non-financial assets recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2. Material accounting policies (continued):

(e) Income taxes:

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the statement of comprehensive income (loss) except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred 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.

2. Material accounting policies (continued):

(f) Share capital:

Common shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized within equity.

(g) Revenue:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue using the five step model framework:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations of the contract; and
- Recognize revenue when (or as) the Company satisfies a performance obligation.

The Company derives revenue from the sale of generic and branded pharmaceutical products. The primary contracts to provide products and services to customers are purchase orders which provide the Company's performance obligations and transaction price.

For performance obligations satisfied at a point in time, revenue is recognized when the Company has a present right to payment, the customer has legal title to the product, physical possession of the product has transferred to the customer and the customer has the significant risks and rewards of ownership. Generally, the customer obtains control at the time products are delivered or services are rendered.

Revenue from the sale of products is recognized net of returns, product expiry claims, trade discounts, rebates and allowances. Estimated returns for non-saleable products from the customers are determined based on historical returns. No element of financing is deemed present as the sales are made with credit terms standard for the market.

2. Material accounting policies (continued):

(h) Financial assets and liabilities

(i) Classification and measurement of financial assets:

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") - debt investment, FVOCI - equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9, Financial Instruments, is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets are comprised of cash, trade receivables and due from related parties and are recognized initially at fair value plus any directly attributable transaction costs.

Cash comprise of cash balances and callable deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash for the purpose of the statement of cash flows.

Trade receivables do not include a significant financing component and are initially measured at the transaction price under IFRS 15, Revenue from Contracts with Customers.

Cash, trade receivables and due from related parties are subsequently measured at amortized cost using the effective interest method.

2. Material accounting policies (continued):

(ii) Classification and measurement of financial liabilities:

Financial liabilities at FVTPL:

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise.

Financial liabilities at amortized cost:

These financial liabilities are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are carried at amortized cost using the effective interest rate method.

(iii) Derecognition of financial instruments:

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the assets. Any interest in transferred assets that are created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the underlying contractual obligation is legally discharged, cancelled or expires.

(iv) Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. Material accounting policies (continued):

(v) Impairment of financial assets:

The impairment model applies to financial assets measured at amortized cost, contract assets and FVOCI - debt investments, but not to investments in FVOCI - equity instruments.

The loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

The fair values of cash, trade receivables, due from related parties, trade payables, accrued liabilities and due to related parties approximate their carrying amounts because of the short-term maturity of these financial instruments.

(i) Related party transactions:

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

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2. Material accounting policies (continued):

(j) Share-based payment arrangements:

Equity settled share-based payment: The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with the corresponding increase in Company's equity or through an inter-company account of the ultimate parent if equity settled by the parent, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Cash-settled transactions: The cost of cash settled transactions is measured initially at fair value at the grant date using a Binomial Option Pricing Model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

(k) Provisions:

Provisions for restructuring costs, legal claims and certain other obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

(l) New standards and interpretations not yet adopted:

The following standards and amendments are not yet effective and have not been applied in preparing these financial statements.

2. Material accounting policies (continued):

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies retrospectively for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of income or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net income (loss) will not change.

- Management-defined performance measures are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements:

- Lack of Exchangeability (Amendments to IAS 21) effective for reporting periods beginning on or after January 1, 2025

- Annual Improvements to IFRS Accounting Standards for annual reporting periods beginning on or after 1 January 2026 – Amendments to:

  - IFRS 1 First-time Adoption of International Financial Reporting Standards;

  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

  - IFRS 9 Financial Instruments;

  - IFRS 10 Consolidated Financial Statements; and

  - IAS 7 Statement of Cash flows

2. Material accounting policies (continued):

(m) New standards and interpretations adopted:

The following accounting policies were adopted in the current year. The adoption of the accounting policies did not have a material impact on the financial statements.

(i) Classification of Liabilities as Current or Non-current and non-current liabilities with covenants (Amendments to IAS 1, Presentation of Financial Statements)

(In thousands of Canadian dollars)

3. Inventories:

	2025	2024
Pharmaceutical products (net of inventory provision 3,058 (2023 – 2,995))	$ 22,867	$ 28,933
Cost of goods sold	49,378	42,713

4. Equipment and leasehold improvements:

	Leasehold equipment	Office equipment	Total
Cost			
Balance, March 31, 2024	$ 42	$ 63	$ 105
Additions	-	-	-
Balance, March 31, 2025	$ 42	$ 63	$ 105
Accumulated depreciation			
Balance, March 31, 2024	$ 16	$ 59	$ 75
Depreciation charge	8	4	12
Balance, March 31, 2025	$ 24	$ 63	$ 87
Carrying amounts			
At March 31, 2024	$ 26	$ 4	$ 30
At March 31, 2025	18	-	18

(In thousands of Canadian dollars)

5. Right-of-use assets:

	Properties	Total
Cost		
Balance, March 31, 2024	$ 720	$ 720
Additions	-	-
Balance, March 31, 2025	$ 720	$ 720
Accumulated depreciation		
Balance, March 31, 2024	$ 295	$ 295
Charge for the year	133	133
Balance, March 31, 2025	$ 428	$ 428
Carrying amounts		
At March 31, 2024	$ 425	$ 425
At March 31, 2025	292	292

6. Intangible assets:

	Licenses	Total
Cost		
Balance, March 31, 2024	$ 2,040	$ 2,040
Additions acquired	6,222	6,222
Impairment	(241)	(241)
Balance, March 31, 2025	$ 8,021	$ 8,021
Accumulated amortization		
Balance, March 31, 2024	$ 158	$ 158
Depreciation charge	629	629
Balance, March 31, 2025	$ 787	$ 787
Carrying amounts		
At March 31, 2024	$ 1,882	$ 1,882
At March 31, 2025	7,234	7,234

(In thousands of Canadian dollars)

6. Intangible assets (continued):

The amortization period for the licenses are 10 years each and amortization will commence once products sales have started.

The Company has intangible assets of $1,454 (2024 - $1,040) for license acquisitions which are currently under review by Health Canada for regulatory approval of which $655 represent current year additions (2024 - $478).

One of the licenses acquired in 2021 by the Company with an upfront cost of $1,000 has contingent consideration in the form of additional payments once predetermined milestone sales volumes are achieved. The predetermined sales volume ranges from $15,000 to $250,000 with respective milestone payments ranging from $300 to $3,000, representing an aggregate potential contingent consideration of $9,500. In addition to the milestone payments, the Company is also required to pay royalties on annual net sales volume up to $35,000. The royalty percentage ranges from 10% to 17.5%.

During the year, the Company fully impaired an intangible license valued at $241 due to rejection of the product dossier by Health Canada.

7. Expenses:

The following is a breakdown of the selling and marketing as well as general and administrative expenses:

	2025	2024
Personnel expenses	$ 7.042	$ 5.891
Marketing and advertising	3,803	2,993
Professional and consulting	1,060	1,561
Depreciation of intangible assets	629	100
Management fees	629	508
Distribution	605	376
Other	505	408
Travel	387	340
Insurance	172	134
Depreciation of right-of-use assets	133	133
Depreciation of equipment and leasehold improvements	12	12
	$ 14,977	$ 12,456

(In thousands of Canadian dollars)

8. Income tax expense (recovery):

	2025	2024
Deferred tax expense (recovery):		
Origination and reversal of temporary differences	$ (129)	$ (760)
Current tax expense	1,881	501
Total income tax expense (recovery)	$ 1,752	$ (259)

Income taxes differs from the amount that would have been computed by applying the combined Canadian federal and provincial statutory income tax rate of 26.5% for the year ended March 31, 2025 (2024 - 26.5%) to income before income taxes.

The reason for the differences is as follows:

	2025	2024
Income (loss) before income taxes	$ 6,414	$ (1,148)
Expected tax expense (recovery) at the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 - 26.5%)	$ 1,700	$ (304)
Increase in income taxes resulting from:		
Permanent differences	52	45
Actual income tax expense (recovery)	$ 1,752	$ (259)

9. Deferred tax assets and liabilities:

Deferred tax assets and liabilities are attributable to the following:

			2025			2024
	Assets	Liabilities	Net	Assets	Liabilities	Net
Trade receivables	$ 192	$ -	$ 192	$ 114	$ –	$ 114
Equipment	6	-	6	17	(42)	(25)
Right-of-use assets	-	(4)	(4)	9	–	9
Inventory adjustment reserve	810	-	810	794	-	794
Accrued Bonus-Phantom Stock	22	-	22	4	-	4
Deferred tax assets (liabilities)	$ 1,030	$ (4)	$ 1,026	$ 938	$ (42)	$ 896

(In thousands of Canadian dollars)

10. Share capital:

As at March 31, 2025, the Company's authorized share capital is comprised of unlimited common shares with no par value. The holders of common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the shareholders.

Prior to November 14, 2016, Lupin Holdings B.V. ("LHBV") held 330,000,000 shares (representing 99.99% shareholding) and the Parent held 100 shares (representing 0.01% shareholding) in the Company. On that date, as part of a strategic internal restructuring exercise, LHBV transferred its 99.99% shareholdings in the Company to the Parent for consideration of U.S. $3,729. After this transaction, the Parent holds 330,000,100 shares (representing 100% shareholding) in the Company.

	Amount	Number of shares
Balance, March 31, 2024 and 2025	$ 3,300	330,000,100

11. Financial risk management:

The Company's exposure to risks from its use of financial instruments and the Company's risk management framework are as follows:

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics and geography of the Company's customer base, as these factors may have an influence on credit risk. Accounts receivable are past due when a customer fails to make a payment when contractually due. The Company specifically identifies customers with past due balances over credit terms and provides for these accounts where appropriate.

(In thousands of Canadian dollars)

11. Financial risk management (continued):

During the year ended March 31, 2025, approximately 77% (2024 - 88%) of the Company's revenue is attributable to sales transactions with it's top five (2024 – top five) customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2025	2024
Trade receivables	$ 6,079	$ 5,380
Due from related parties	2,510	4,649

The Company maintains an allowance for ECL taking into account past experience of collecting payments as well as observable changes in and forecasts of future economic conditions that correlate with default on receivables. As at March 31, 2025, the allowance for credit losses is nil (2024 - nil).

The aging of trade receivables and due from related parties at the reporting date is as follows:

	Current	31 - 60 days	61 - 90 days	91+ days	Total
March 31, 2025	$ 7,912	$ 104	$ 110	$ 463	$ 8,589
March 31, 2024	7,504	1,600	22	903	10,029

(b) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain a sufficient level of its cash to ensure liquidity to meet liabilities as they come due. The Company's approach consists primarily of monitoring the level of expected cash inflows on accounts receivable, together with expected cash outflows on trade payables and debt, as well as monitoring expenses.

(In thousands of Canadian dollars)

11. Financial risk management (continued):

The following are the contractual maturities of financial liabilities by contractual maturity date:

	Carrying amount	
	2026	Thereafter
Trade payables	$ 2,824	$ -
Accrued liabilities	1,772	43
Income tax payable	1,061	-
Due to related parties	31,164	-
Lease liabilities	188	116
	$ 37,009	$ 159

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk refers to the risk that the value of financial instruments or cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk on purchases that are denominated in U.S. dollars and Euro. If the exchange rates had been 100 basis points (1¢) higher or lower during the year ended March 31, 2025, with all other variables held constant, total comprehensive Income (loss) would have increased or decreased by $25, respectively (2024 - $33).

The Company's exposure to foreign currency risk is as follows:

	2025	2024
Trade payables	$ 1,494	$ 269
Due to related parties	2,175	4,154
	$ 3,669	$ 4,423

11. Financial risk management (continued):

(d) Capital management:

Management defines capital as the Company's equity. The Company's objective is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of its business, including future capital expenditures and working capital to sustain growth of operations. In order to achieve this objective, the Company recognizes the need to increase its capital base by issuing common shares or other equity based financial instruments.

Management continually monitors its capital in relation to its business risks, including its liabilities. Assessment of capital needs are done with the benefit of a review of net working capital, assets relative to liabilities among other measures. There were no changes in the Company's approach to capital management during the year.

12. Share-based payments:

The Ultimate Parent implemented Lupin Subsidiary Companies Employees Stock Option Plan 2005, Lupin Subsidiary Companies Employees Stock Option Plan 2011 and Lupin Subsidiary Companies Employees Stock Option Plan 2014 in earlier years; as approved by the shareholders of the Ultimate Parent and the Remuneration/Compensation/Nomination and Remuneration Committee of the Board of Directors of the Ultimate Parent.

The Ultimate Parent issues stock options on its shares (publicly traded on the Indian stock market) to certain employees of the Company based on their performance. The Company doesn't have any obligation to settle the award and classifies the share-based payments as equity-settled. Under the recharge arrangement with the Ultimate Parent, the Company recognizes an expense with corresponding payables to the Ultimate Parent for the grant date fair value of the award over the vesting period which ranges from one to five years for the services received from its employees. The Ultimate Parent calculates the fair value of each stock option grant using the Black-Scholes option pricing model at the grant date which takes stock price, volatility, risk-free rate, exercise price, dividend yield and other factors into consideration.

(In thousands of Canadian dollars)

12. Share-based payments (continued):

The stock option transactions for the years ended March 31, 2025 and 2024 are summarized as follows:

	2025	2024
Outstanding, beginning of year	9,718	19,011
Granted	-	-
Exercised	(3,999)	(4,354)
Vested	(687)	(385)
Lapsed	(1,155)	(4,554)
Outstanding, end of year	3,877	9,718

The expense for year ended March 31, 2025 of $66 for equity-settled share-based payment (2024 - $47) is recognized through an intercompany charge from the Ultimate Parent, which is included in selling and marketing expense.

From December 2023, the ultimate parent company has implemented a new Phantom stock plan for cash settled share-based payment. This is a cash incentive-based program, where the appreciation amount against the vested phantom stock units is directly paid in cash to the grantee on the vesting date. The expense for year ended March 31, 2025 is $112 (2024 - $16). $43 (2024 - $8) is for future payouts as per the vesting schedule for phantom stock granted.

(In thousands of Canadian dollars)

13. Lease liabilities:

As at March 31, 2025, the Company leases 2 office premises, in Mississauga, Ontario and in Longueuil, Quebec, for which leases expire on April 30, 2027 and June 30, 2027, respectively.

The change in lease liabilities is as follows:

	2025	2024
Balance, beginning of year	$ 481	$ 650
Changes from financing cash flows:		
Payment of lease liabilities	(191)	(188)
Other changes:		
New leases, net of disposals	-	-
Finance costs for lease liabilities	14	19
Balance, end of year	304	481
Current	188	178
Non-current	$ 116	$ 303

Non-cancellable operating lease payments are as follows:

	2025	2024
Less than 1 year	$ 188	$ 178
Between 1 and 5 years	116	303
	$ 304	$ 481

14. Contingencies:

The Company's business includes entering into numerous legal contracts with clients, customers, employees, contractors, suppliers and vendors. In the normal course of business, disputes arise around these legal agreements.

In June 2020, the Company was named in a class action based on allegations of anticompetitive behavior. The origin of this class action is related to a class action suit initiated in the U.S. against 26 generic drug companies, including Lupin Pharmaceutical Inc, a related party of the Company by virtue of common control. A law suit was also initiated in Canada against majority of generic drug companies in Canada, including the Company. The Company has joined the Joint Defense Group composed of generic companies mentioned in this class action. All claims in the Canadian law suit are related to the products included under the US suit. Most of the products mentioned in the statement of claim were not distributed by the Company in Canada. The claim is pending class action certification for which the motion is expected to be heard in spring 2025. As the case is still in the early stage, an estimate of the possible loss or range of loss, if any, cannot be made.

(In thousands of Canadian dollars)

15. Related parties:

(a) Transactions with related parties:

	2025	2024
Income		
Other income:		
LAHSA	6,424	6,246
Lupin Limited	44	20
Expenses		
Purchases of inventory:		
LAHSA	28,668	34,243
Lupin Limited	8,655	14,802
Lupin Inc.	2,210	4,084
Management fees:		
Lupin Management Inc.	291	256
Lupin Inc.	338	252
Other expenses:		
Lupin Limited	272	151
Lupin Inc.	72	117
Laboratorios Grin S.A. de C.V.	5	22
Lupin Pharmaceuticals Inc.	32	57
Pass-through expense		
LAHSA	(262)	(159)
Lupin Limited	(683)	(547)
Lupin Inc,	(190)	(184)

Income earned from related parties is comprised of gross income for reimbursement of marketing and other related expenses by the Parent and the Ultimate Parent.

Included in general and administrative expenses is $ 629 (2024 - $508) of management fees from related parties as listed above.

The Company purchases pharmaceutical products from its Parent and from the Ultimate Parent

Lupin Pharmaceuticals Inc. is 97% owned by Lupin Inc. and 3% owned by Lupin Limited. The Company incurs cross-charges for expenses incurred on the company's behalf.

Lupin Inc. is wholly owned subsidiary of the Parent used for cross-charging the salaries for employees from tax and legal teams.

(In thousands of Canadian dollars)

15. Related parties (continued):

Lupin Management Inc. is a wholly owned subsidiary of Lupin Inc. used to provide management services to the company.

Laboratorios Grin S.A. de C.V. is wholly owned subsidiary of the Parent used to cross-charge legal services.

(b) Balances due to/from related parties:

	2025	2024
Current assets		
Due from related parties:		
Lupin Limited	$ 705	$ 1,218
LAHSA	1,786	3,247
Lupin Inc.	19	184
Current liabilities		
Due to related parties:		
LAHSA	26,940	28,437
Lupin Limited	2,251	8,294
Lupin Inc.	1,898	4,163
Lupin Management Inc.	74	116
Laboratorios Grin S.A. de C.V.	1	1

(c) Other related party transactions:

Key management personnel compensation:

Key management personnel include all employees at the Company in a director level position. Key management personnel compensation for the year ended March 31, 2025 was $1,507 (2024 - $1,417).

16. Comparative Information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.