

GLENMARK PHARMACEUTICALS CANADA INC.

Financial Statements

March 31, 2025

GLENMARK PHARMACEUTICALS CANADA INC.

March 31, 2025

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Independent Auditor's Report

To the Shareholders
GLENMARK PHARMACEUTICALS CANADA INC.

Opinion

I have audited the accompanying financial statements of Glenmark Pharmaceuticals Canada Inc., which comprises the balance sheet as at March 31, 2025, and the Statement of Profit, Statements of retained earnings and cash flows for the year then ended, and notes to financial statement, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Glenmark Pharmaceuticals Canada Inc. as at March 31, 2025, and the result of its financial operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 Canadian accounting standards for private enterprises, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

I 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 I identify during my audits.



D ARORA PROFESSIONAL CORPORATION
Chartered Professional Accountants

Burnaby, BC
May 14, 2025

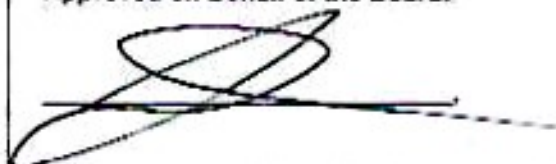
GLENMARK PHARMACEUTICALS CANADA INC.

Balance Sheet

March 31, 2025

	Note	2025 \$ CAD	2024 \$ CAD
Assets			
Current Assets			
Cash		4,642,212	116,221
Accounts receivable	4.	2,161,627	4,083,562
Inventory	5.	7,167,607	4,842,851
Future tax recoverable	6.	1,605,547	638,686
Advances to foreign related party	3.	-	2,038,162
Other current assets	7.	320,770	212,213
Total Current Assets		15,897,763	11,929,695
Non-Current assets			
Property, plant and equipment, net of accumulated depreciation	8.	-	7
Intangible asset, net of accumulated amortization	9.	24,022	40,022
Total Assets		15,921,785	11,969,724
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	10.	12,929,246	9,248,213
Taxes payable		742,924	466,722
Total Liabilities		13,672,170	9,714,935
Share capital			
Share capital	12.	2,110,600	2,110,600
Retained earnings (deficit)		139,015	144,189
Total Equity		2,249,615	2,254,789
Total Liabilities and Equity		15,921,785	11,969,724

Approved on Behalf of the Board:



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

GLENMARK PHARMACEUTICALS CANADA INC.

Statement of Retained Earnings

For the Year Ended March 31, 2025

	2025 \$ CAD	2024 \$ CAD
Retained earning (deficit) - beginning	144,189	(132,272)
Net income (loss)	(5,174)	276,461
Retained earning (deficit) - ending	139,015	144,189

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

GLENMARK PHARMACEUTICALS CANADA INC.

Statement of Profit

For the Year Ended March 31, 2025

	Note	2025 \$ CAD	2024 \$ CAD
Sales	13.	18,002,211	13,953,290
Cost of materials		10,967,890	7,878,546
Salary and benefits		2,041,095	2,153,539
Other operating expenses	16.	5,024,337	3,520,976
		18,033,322	13,553,061
Income (loss) from operations		(31,111)	400,229
Other income		-	7,013
Income (loss) before taxes		(31,111)	407,242
Provision(credit) for income taxes	14.	(25,937)	130,781
Net Income(loss)		(5,174)	276,461

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

GLENMARK PHARMACEUTICALS CANADA INC.

Statement of Cash Flows

For the Year Ended March 31, 2025

	2025 \$ CAD	2024 \$ CAD
OPERATING ACTIVITIES:		
Net income (loss)	(5,174)	276,461
Items not affecting cash		
Depreciation	16,007	18,489
Changes in working capital		
Accounts receivable	1,921,934	(187,903)
Taxes payable	276,202	294,818
Inventory	(2,324,758)	(3,365,272)
Future tax recoverable	(968,861)	(339,778)
Other current assets	(108,556)	(59,029)
Accounts payable and accrued liabilities	3,681,035	4,569,161
	2,487,829	1,206,947
INVESTING ACTIVITIES:		
Advances to foreign related party	2,038,162	(2,038,162)
Net increase (decrease) in cash	4,525,991	(831,215)
Cash at beginning of year	116,221	947,436
Cash at end of year	4,642,212	116,221

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

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

1. Nature of operations and basis of presentation

a. Nature of operations

Glenmark Pharmaceuticals Canada Inc., (the Company) was incorporated under the New Brunswick Business Corporations Act. The company is a wholly owned subsidiary of Glenmark Holding S.A., (The Holding Company) Switzerland. The company is primarily engaged in the business of distribution, marketing and sale of generic pharmaceutical products in Canada.

b. Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE) .

2. Significant accounting policies

a. Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership are transferred to the buyer and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discounts and allowances.

Provisions for professional allowances and discounts are estimated and provided for in the year of sales and recorded as reduction of revenue as per accrual method of accounting. However, for income tax purposes professional allowances are allowed as a deduction from taxable profit on payment basis.

b. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have financial impact on future periods. Significant areas of estimation include, estimated useful lives of property, plant and equipment, net realizable values of inventories, accrued liabilities, future income tax, disclosure of contingencies and provisions for allowances.

c. Property, plant and equipment

Property, plant and equipment is recorded at cost, or deemed cost, less accumulated depreciation. For financial reporting purposes, depreciation is determined on a straight-line basis using estimated useful lives of 5 years.

d. Intangible asset

Licenses and registration expenditures for the use of third-party products are capitalized and amortized on a straight-line-basis over 5 years.

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

2. Significant accounting policies (Cont'd)

e. Inventory

Inventory is stated at the lower of cost or net realizable value (determined on a first-in, first-out basis).

f. Accounts receivable

Accounts Receivable are uncollateralized customer obligations due under normal trade terms requiring payment within various days from the invoiced date based on agreement with customers. The Company does not accrue interest on past due accounts receivable. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews each account receivable balance that is past due and estimates the portion, if any, of the balance that will not be collected and records a general allowance to cover those amounts.

g. Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. With respect to financial assets measured at cost or amortized cost, the company recognizes in the statement of income an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. Financial assets of the company comprises of cash, account receivables and other receivables (except tax related receivables). Financial's liabilities of the company comprises of accounts payable and other liabilities (except tax related liabilities).

h. Related party transactions

Parties are considered related to the company if the company has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be other entities or individuals. Related party transactions are unsecured, non-interest bearing and without terms of repayment. Related party transactions occurred during the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed by the related parties

i. Income taxes

The company follows future taxes method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for future income tax consequences attributable to differences between financial statement's carrying amounts of existing assets and liabilities and their respective tax bases (such as professional allowances, which are allowed as deduction in tax on payment basis). Future tax assets and liabilities are measured based on enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The assessment of probability of future taxable income in which deferred asset can be utilized is based on the company's forecast adjusted for any non-taxable income and expenses and any limits to the use of unused tax loss or credit.

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

2. Significant accounting policies (Cont'd)

i. Income taxes (Cont'd)

A future tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that is probable that future taxable income will be available for set off.

3. Advances to foreign related party

The company entered into loan agreements with Glenmark Pharma USA, which is a related party, in current year and advanced \$ Nil (2024: 2,038,162). The loan carried interest at 6%. This loan has been repaid by the related party in April 2024

4. Accounts receivable

	2025 \$ CAD	2024 \$ CAD
Accounts receivable	8,177,444	6,522,046
Provision for allowances and discounts	(5,423,794)	(1,226,694)
Provision for distribution fee	(119,897)	(839,200)
Provision for cash discount and shelf stock adjustment	(112,166)	(100,127)
Provision for volume incentive rebate/ returns	(359,960)	(272,463)
Total	2,161,627	4,083,562

5. Inventory

The closing inventory consists of finished products with the value of \$ 7,167,607 on March 31, 2025. (prior year \$ 4,842,851)

6. Future tax recoverable

Future Tax recoverable has been calculated based on statutory Canadian federal and provincial income tax rates. Corporate tax returns are subject to audit and reassessment by the Canada Revenue Agency. Future tax recoverable in the current year is created on provisions for professional allowances and discounts which are recorded as reduction of revenue as per accrual method of accounting, but recognized as a deduction on payment basis for income tax purposes. In the previous year future income tax was created on un-absorbed tax losses. The results of any assessments will be accounted for in the year in which they are determined:

	2025 \$ CAD	2024 \$ CAD
Future tax recoverable	1,605,547	636,686

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

7. Other current assets

	2025 \$ CAD	2024 \$ CAD
Rent deposit	10,372	10,373
HST/GST refundable	296,680	196,540
Prepaid expenses	13,718	5,300
Total	320,770	212,213

8. Property, plant and equipment

	Cost \$ CAD	Accumulated Depreciation \$ CAD	2025 Net Book Value \$ CAD	2024 Net Book Value \$ CAD
Furniture and fixtures	18,747	(18,747)	-	7

9. Intangible Asset

The company paid an advance of \$80,000 in 2018 to acquire a license for ANDA (Abbreviated new drug application) in Canada to commercialise and distribute Topiramate tablets under its own label. The total cost of the license is \$160,000 and the balance of \$80,000 is payable upon complete transfer of ANDA into the company's name. The Company has capitalised the advance of \$80,000 as Intangible Asset.

	Cost \$ CAD	Accumulated amortization \$ CAD	2025 Net Book Value \$ CAD	2024 Net Book Value \$ CAD
License	80,000	(55,978)	24,022	40,022

10. Accounts payable and accrued liabilities

	2025 \$ CAD	2024 \$ CAD
Glenmark Pharmaceuticals Limited. India (note 11)	11,002,058	7,627,796
Glenmark Pharmaceuticals Inc. USA (note 11)	245,623	16,534
Provision for expenses	1,661,721	1,265,653
Other accounts payable	19,844	338,230
Total	12,929,246	9,248,213

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

11. Related party transactions

Related party transactions consist of purchases and expenses from related companies. Transactions are in normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. The amount due are unsecured, non-interest bearing and are due on demand unless specified otherwise.

	2025 \$ CAD	2024 \$ CAD
Glenmark Pharmaceuticals Inc., USA - under common control		
Reimbursement of expenses	164,239	190,976
Interest Income	-	7,013
Service income	138,536	-
Purchase	76,132	-
Accounts payable	245,622	16,534
Loan receivable	-	2,038,162
Glenmark Pharmaceuticals Limited, India - under common control		
Purchases	16,258,144	9,071,124
Accounts payable	11,002,058	7,627,976
Cross charge of expenses	2,925,783	1,987,238

12. Share capital

Authorized:

One class of common shares, without nominal or par value, unlimited as to number Issued and outstanding shares

	2025 \$ CAD	2024 \$ CAD
2,110,600 Common shares, fully paid up	2,110,600	2,110,600

13. Sales

	2025 \$ CAD	2024 \$ CAD
Gross sales	33,475,095	22,617,467
Allowances and discounts	(15,472,884)	(8,664,177)
Total	18,002,211	13,953,290

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

14. Income Tax

	2025 \$ CAD	2024 \$ CAD
Current tax	942,924	466,722
Deferred tax credit	(968,861)	(339,779)
Taxation in respect of earlier years	-	3,838
Net tax charged (credit)	(25,937)	130,781
	2025 \$ CAD	2024 \$ CAD
Net Income(loss)	(31,111)	407,242
Add: expense/provision adjusted for income tax working	3,589,317	1,353,973
Net income for income tax purposes	3,558,206	1,761,215
Current income tax	942,924	466,722
Net effective tax rate (%)	26.50	26.50

15. Cost of materials

	2025 \$ CAD	2024 \$ CAD
Opening inventory	4,842,851	1,477,578
Purchase, during the year (net)	13,158,038	11,159,547
Closing inventory	(7,167,607)	(4,842,851)
Other direct cost	134,608	84,272
Total	10,967,890	7,878,546

During the current year, Glenmark Pharmaceuticals Limited, India (GPL) issued a credit note of \$2,044,215 to Glenmark Pharmaceuticals Canada Inc. (GPCI) (previous year: debit note of \$161,213), in accordance with the transfer pricing agreement. The amount is included under purchases.

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

16. Other operating expenses

	2025 \$ CAD	2024 \$ CAD
Professional fees	1,715,388	1,695,394
Legal Expenses	1,144,728	382,412
Regulatory expenses	788,771	560,441
Foreign exchange loss	503,442	55,211
Advertisement and publicity	183,530	100,007
Conference expenses	153,851	104,729
General expenses	146,049	88,639
Travelling expenses	118,183	73,847
Sales & marketing research	85,676	79,731
Office rent	60,441	55,118
Connectivity charges	31,406	23,753
Insurance	28,505	16,060
Telephone expenses	25,152	15,283
Auditor's remuneration	16,500	15,750
Amortization of intangible assets	16,000	16,000
Bank charges	5,684	5,803
Office supplies	4,671	14,868
Meals-Travels	3,089	10,354
Government dues	1,364	-
Intellectual property right expenses	-	197,549
Amortization of tangible assets	7	2,489
Sales commission	(8,100)	7,538
Total	5,024,337	3,520,976

GLENMARK PHARMACEUTICALS CANADA INC.

Notes to the Financial Statements

For the Year Ended March 31, 2025

17. Contingencies - litigation

The Company have been named as defendants in a claim brought by Pfizer Canada ULC, Pfizer Products Inc. and Pfizer Inc. v. Glenmark Pharmaceuticals Canada Inc. in the Federal Court of Canada (Court File No. T-607-24). The claim alleged, among other things, that Glenmark's proposed Axitinib product would infringe Canadian Patents. While no damages are claimed, potential monetary liability of the Company, beyond its own legal fees incurred in defending the action, is an adverse costs award, which in similar Canadian patent-infringement proceedings has ranged from approximately \$400,000 to \$1,600,000.

Further in previous year the Company was named as defendants in a proposed class proceeding entitled Kathryn Eaton vs. Glenmark Pharmaceuticals Canada Inc., et al. in the Federal Court in Toronto, Ontario, Canada (Court File No. T-607-20). The plaintiff seeks to certify a proposed class action on behalf of persons in Canada who purchased generic drugs in the private sector, alleging that the Company and other defendants violated the Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs, and seeking damages under federal law. The Company disputes the claims against it and will defend itself vigorously.

As of March 31, 2025, the external legal counsel of the company is not aware of any possible claims against the company, accordingly no provision has been recorded.

18. Financial Instruments and risk management

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company's financial instruments consist of cash, receivables, payables, accrued liabilities and related-party transactions. The following analysis provides information about the company's risk exposure and concentration as at March 31, 2025.

a. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of funds from its customers and to be able to pay company's liabilities as they become due.

b. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices and government regulations.

c. Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuation of the foreign exchange rates and the degree of volatility of these rates. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, management is of the opinion that the company is not exposed to significant other price risks arising from these financial instruments.

19. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.