Consolidated Financial Statements
(In thousands of United States dollars)

THERATECHNOLOGIES INC.

November 30, 2023, 2022 and 2021

THERATECHNOLOGIES INC.

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(In thousands of United States dollars)

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Theratechnologies Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Theratechnologies Inc. (the Company) as of November 30, 2023, and 2022, the related consolidated statements of net loss and comprehensive loss, changes in equity, and cash flows for each of the years in the three-year period ended November 30, 2023 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2023 and 2022, and its financial performance and its cash flows for each of the years in the three-year period ended November 30, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred net losses and negative cash flows from operating activities. The Company's Loan Facility contains various covenants, including minimum liquidity covenants. There is material uncertainty related to events or conditions that cast substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 1993.

Montréal, Canada
February 20, 2024

THERATECHNOLOGIES INC.

Consolidated Statements of Financial Position
(In thousands of United States dollars)

As at November 30, 2023 and 2022

	Note	November 30, 2023	November 30, 2022
Assets			
Current assets			
Cash		$ 34,097	$ 23,856
Bonds and money market funds	6	6,290	9,214
Trade and other receivables	7	13,023	12,045
Tax credits and grants receivable	8	524	299
Income taxes receivable		4	-
Deferred tax assets	21	29	-
Inventories	9	6,066	19,688
Prepaid expenses and deposits	10	3,154	7,665
Derivative financial assets	20(e)	110	603
Total current assets		63,297	73,370
Non-current assets			
Property and equipment	11	1,206	1,494
Right-of-use-assets	12	770	1,595
Intangible assets	13	12,496	15,009
Deferred financing costs	17, 20	-	1,792
Total non-current assets		14,472	19,890
Total assets		$ 77,769	$ 93,260
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	$ 28,471	$ 41,065
Provisions	16	9,603	7,517
Convertible unsecured senior notes	18	-	26,895
Current portion of Loan Facility	17	7,286	37,894
Current portion of lease liabilities	19	421	476
Marathon Warrants	20(c)	1,475	-
Income taxes payable		-	394
Deferred revenue		38	38
Total current liabilities		47,294	114,279
Non-current liabilities			
Loan Facility	17	50,688	-
Lease liabilities	19	573	1,446
Other liabilities		84	106
Total non-current liabilities		51,345	1,552
Total liabilities		98,639	115,831
Equity			
Share capital, warrants and subscription receipts	20	363,927	338,751
Equity component of convertible unsecured senior notes		-	2,132
Contributed surplus		23,178	18,810
Deficit		(408,659)	(382,649)
Accumulated other comprehensive income	20(j)	684	385
Total equity		(20,870)	(22,571)
Commitments	26		
Total liabilities and equity		$ 77,769	$ 93,260

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

Approved by the Board of Directors

(signed) Alain Trudeau Director (signed) Gérald Lacoste Director

THERATECHNOLOGIES INC.

Consolidated Statements of Net Loss and Comprehensive Loss
(In thousands of United States dollars, except per share amounts)

Years ended November 30, 2023, 2022 and 2021

	Note		2023		2022		2021
Revenue	3	$	81,764	$	80,057	$	69,823
Operating expenses							
Cost of sales							
Cost of goods sold			19,635		23,838		18,378
Amortization of other asset	14		-		2,441		4,882
Research and development expenses, net of tax credits of $ 539 (2022 - $ 316; 2021 – $ 277)			30,370		36,939		28,274
Selling expenses			26,769		39,391		28,909
General and administrative expenses			15,617		17,356		14,616
Total operating expenses			92,391		119,965		95,059
Loss from operating activities			(10,627)		(39,908)		(25,236)
Finance income	5		2,147		673		195
Finance costs	5		(15,056)		(7,559)		(6,621)
			(12,909)		(6,886)		(6,426)
Loss before income taxes			(23,536)		(46,794)		(31,662)
Income tax expense	21		(421)		(443)		(63)
Net loss			(23,957)		(47,237)		(31,725)
Other comprehensive income (loss), net of tax							
Items that may be reclassified to net profit (loss) in the future							
Net change in fair value of financial assets at fair value through other comprehensive income (“FVOCI”)			299		(360)		(197)
Exchange differences on translation of foreign operations			-		789		634
			299		429		437
Total comprehensive loss		$	(23,658)	$	(46,808)	$	(31,288)
Loss per share		$					
Basic and diluted (1)	20(i)		(0.91)	$	(1.98)	$	(1.37)

(1) See note 1 for share consolidation.

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

THERATECHNOLOGIES INC.

Consolidated Statements of Changes in Equity (continued)
(In thousands of United States dollars, except for share amounts)

Years ended November 30, 2023, 2022 and 2021

	Note	Share capital Subscription receipts and Public Offering Warrants Number of shares (1)	Amount	Equity component of convertible unsecured senior notes	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
Balance as at November 30, 2020		19,253,360	$ 287,312	$ 4,457	$ 12,065	$ (300,129)	$ (481)	$ 3,224
Total comprehensive loss								
Net loss		-	-	-	-	(31,725)	-	(31,725)
Other comprehensive income:								
Net change in fair value of FVOCI financial assets		-	-	-	-	-	(197)	(197)
Exchange differences on translation of foreign operations		-	-	-	-	-	634	634
Total comprehensive loss		-	-	-	-	(31,725)	437	(31,288)
Transactions with owners, recorded directly in equity								
Public issue of common shares and warrants	20(a)	4,181,975	46,002	-	-	-	-	46,002
Share issue costs		-	-	-	-	(3,394)	-	(3,394)
Exercise of warrants	20(a)	58,350	742	-	-	-	-	742
Share issue – Oncology	20(b)	120,482	668	-	(668)	-	-	-
Share-based compensation plan:								
Share-based compensation for stock option plan	20(h)	-	-	-	1,879	-	-	1,879
Exercise of Options:								
Monetary consideration		166,250	595	-	-	-	-	595
Attributed value		-	433	-	(433)	-	-	-
Total contributions by owners		4,527,057	48,440	-	778	(3,394)	-	45,824
Balance as at November 30, 2021		23,780,417	$ 335,752	$ 4,457	$ 12,843	$ (335,248)	$ (44)	$ 17,760
Total comprehensive loss								
Net loss		-	-	-	-	(47,237)	-	(47,237)
Other comprehensive income:								
Net change in fair value of FVOCI financial assets, net of tax		-	-	-	-	-	(360)	(360)
Exchange differences on translation of foreign operations		-	-	-	-	-	789	789
Total comprehensive loss		-	-	-	-	(47,237)	429	(46,808)
Transactions with owners, recorded directly in equity								
Share issue - ATM program	20(d)	400,000	2,960	-	-	-	-	2,960
Share issue costs		-	-	-	-	(164)	-	(164)
Repurchase of convertible unsecured senior notes		-	-	(2,325)	2,125	-	-	(200)
Share-based compensation plan:								
Share-based compensation for stock option plan	20(h)	-	-	-	3,860	-	-	3,860
Exercise of Options:								
Monetary consideration	20(h)	21,165	21		-	-	-	21
Attributed value		-	18		(18)	-	-	-
Total contributions by owners		421,165	2,999	(2,325)	5,967	(164)	-	6,477
Balance as at November 30, 2022		24,201,582	$ 338,751	$ 2,132	$ 18,810	$ (382,649)	$ 385	$ (22,571)

(1) See note 1 for share consolidation.

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

THERATECHNOLOGIES INC.

Consolidated Statements of Changes in Equity (continued)
(In thousands of United States dollars, except for share amounts)

Years ended November 30, 2023, 2022 and 2021

	Note	Share capital, Subscription receipts and Public Offering Warrants		Equity component of convertible notes	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
		Number of shares[1]	Amount					
Balance as at November 30, 2022		24,201,582 $	338,751 $	2,132 $	18,810 $	(382,649) $	385 $	(22,571)
Total comprehensive loss for the period								
Net loss		-	-	-	-	(23,957)	-	(23,957)
Other comprehensive income:								
Net change in fair value of FVOCI financial assets, net of tax		-	-	-	-	-	299	299
Total comprehensive loss for the period		-	-	-		(23,957)	299	(23,658)
Transactions with owners, recorded directly in equity								
Public issue of common shares	20	21,778,184	25,160	-	-	-	-	25,160
Share issue costs		-	-	-	-	(2,053)	-	(2,053)
Conversion of convertible unsecured senior notes	18	253	16	(1)	-	-	-	15
Repurchase of convertible unsecured senior notes		-	-	(2,131)	2,131	-	-	-
Share-based compensation for stock option plan	20(h)	-	-	-	2,237	-	-	2,237
Total contributions by owners		21,778,437	25,176	(2,132)	4,368	(2,053)	-	25,359
Balance as at November 30, 2023		45,980,019 $	363,927 $	- $	23,178 $	(408,659) $	684 $	(20,870)

(1) See note for share consolidation.

THERATECHNOLOGIES INC.

Consolidated Statements of Cash Flows
(In thousands of United States dollars)

Years ended November 30, 2023, 2022 and 2021

	Note		2023	2022		2021 (recast[1])
Cash flows from (used in)						
Operating						
Net loss		$	(23,957)	(47,237)	$	(31,725)
Adjustments for						
Depreciation of property and equipment	11		450	390		237
Amortization of intangible assets and other asset	13, 14		2,513	11,652		8,062
Amortization of right-of-use assets	12		352	429		449
Share-based compensation for stock option plan and stock appreciation rights			2,215	3,872		1,932
Gain on lease termination	-		(121)	-		-
Change in fair value of derivative financial assets	20(e)		492	217		(212)
Change in fair value of liability related to deferred stock unit plan	20(e)		(224)	(221)		209
Interest on convertible unsecured senior notes and Loan Facility	5		8,263	4,357		3,306
Interest paid on convertible unsecured senior notes and Loan Facility			(8,812)	(4,634)		(3,306)
Interest income	5		(769)	(316)		(195)
Interest received			865	456		282
Income tax expense			421	443		63
Income taxes paid			(848)	(109)		(19)
Foreign exchange			282	1,209		890
Gain on repurchase of convertible unsecured senior notes	18		-	(357)		-
Accretion expense and amortization of deferred financing costs	5		2,098	2,140		2,358
Change in fair value of Marathon Warrants			(1,525)	-		-
Loss on Loan Facility modifications			3,540	-		-
Write off of deferred financing costs	17, 20(d)		954	-		-
			(13,811)	(27,709)		(17,669)
Change in operating assets and liabilities						
Trade and other receivables			(902)	(1,669)		1,852
Tax credits and grants receivable			(215)	126		323
Inventories			10,327	8,991		(4,217)
Prepaid expenses and deposits			4,511	3,058		(5,569)
Accounts payable and accrued liabilities			(7,508)	(1,100)		5,549
Provisions			1,920	3,627		2,226
Deferred revenue			-	(16)		4
			8,133	13,017		168
Total cash used in operating activities			(5,678)	(14,692)		(17,501)
Financing activities						
Repurchase of convertible unsecured senior notes	18		(27,452)	(28,746)		-
Costs related to repurchase of convertible unsecured senior notes	18		-	(73)		-
Proceeds from issuance of Loan Facility	17		20,000	40,000		-
Costs related to issuance of Loan Facility	17		(700)	(2,285)		-
Repayment of other obligations			-	-		(5,000)
Proceeds from exercise of Options			-	21		595
Proceeds from exercise of warrants			-	-		742
Proceeds from issue of common shares, Public Offering Warrants and subscription receipts	20(a)		25,160	2,960		46,002
Costs related to issuance of common shares, Public Offering Warrants and subscription receipts	20(a)		(1,585)	(89)		(3,394)
Deferred financing costs			(196)	(1,527)		(447)
Payment of lease liability	19		(452)	(605)		(635)
Total cash from financing activities			14,775	9,656		37,863
Investing activities						
Acquisition of intangible assets			(1,500)	-		(39)
Acquisition of property and equipment	11		(318)	(985)		(127)
Proceeds from sale of bonds and money market funds			3,030	9,906		640
Acquisition of bonds and money market funds			-	(239)		(13,210)
Acquisition of derivative financial assets			(104)	-		-
Total cash from (used in) investing activities			1,108	8,682		(12,736)
Net change in cash			10,205	3,646		7,626
Cash, beginning of year			23,856	20,399		12,737
Effect of foreign exchange on cash			36	(189)		36
Cash, end of year		$	34,097	23,856	$	20,399

[1] The company voluntarily changed its accounting policy to classify interest paid and received as part of operating activities, see Note 1.

Refer to Note 22 for supplemental cash flow disclosures.

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

Theratechnologies Inc. is a biopharmaceutical company focused on the development and commercialization of innovative therapies addressing unmet medical needs.

The consolidated financial statements ("Financial Statements") include the accounts of Theratechnologies Inc. and its wholly- owned subsidiaries (together referred to as the "Company" and individually as the "subsidiaries of the Company").

The Company has one material wholly-owned subsidiary:

- Theratechnologies U.S., Inc., a company governed by the *Delaware General Corporation Law* (Delaware). Theratechnologies U.S., Inc. provides the services of personnel to Theratechnologies Inc. for its activities in the United States.

Theratechnologies Inc. is governed by the *Business Corporations Act* (Québec) and is domiciled in Québec, Canada. The Company is located at 2015 Peel Street, Suite 1100, Montréal, Québec, H3A 1T8, Canada.

1. Basis of preparation

Share consolidation

On July 19, 2023, the Board of Directors approved a consolidation of the issued and outstanding common shares (the "Common Shares") on the basis of one for four (1-for-4) common shares (the "Consolidation") effective July 31, 2023. All references in these Financial Statements to the number of common shares, Public Offering Warrants (as defined in Note 20(a)), Marathon Warrants (as defined in Note 20(c)), Options (as defined in Note 20(h)), weighted average number of common shares, basic and diluted loss per share and the exercise prices of the Public Offering Warrants, Marathon Warrants and Options have been retrospectively adjusted and restated to reflect the effect of the Consolidation for all periods presented.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

1. **Basis of preparation** (continued)

Statement of compliance (continued)

These Financial Statements were authorized for issue by the Board of Directors on February 20, 2024.

Going concern uncertainty

As part of the preparation of these Financial Statements, management is responsible for identifying any event or situation that may cast doubt on the Company's ability to continue as a going concern. Substantial doubt regarding the Company's ability to continue as a going concern exists if events or conditions, considered collectively, indicate that the Company may be unable to honor its obligations as they fall due during a period of at least, but not limited to, 12 months from November 30, 2023. If the Company concludes that events or conditions cast substantial doubt on its ability to continue as a going concern, it must assess whether the plans developed to mitigate these events or conditions will remove any possible substantial doubt.

For the year ended November 30, 2023, the Company incurred a net loss of $23,957 (2022- $47,237; 2021-$31,725) and had negative cash flows from operating activities of $5,678 (2022- $14,692; 2021- $17,501). As at November 30, 2023, cash amounted to $34,097 and bonds and money market funds amounted to $6,290.

The Company's Loan Facility contains various covenants, including minimum liquidity covenants whereby the Company needs to maintain significant cash, cash equivalent and eligible short-term investments balances in specified accounts, which restricts the management of the Company's liquidity (refer to Note 17). A breach of the liquidity covenant (a "Liquidity Breach") provides the lender with the ability to demand immediate repayment of the Loan Facility and makes available to the lender the collateralized assets, which include substantially all cash, bonds and money market funds which are subject to control agreements, and may trigger an increase of 300 basis points of the interest rate on the outstanding loan balance. On July 3, 2023, the Company incurred a Liquidity Breach resulting in the lender having the ability to demand immediate repayment of the debt, which breach was waived on September 21, 2023. During fiscal 2023, the Company entered into several amendments to the Marathon Credit Agreement to amend certain of the terms and conditions therein (see note 17).

1. Basis of preparation (continued)

Going concern uncertainty (continued)

The amendments to the Marathon Credit Agreement resulted in: (i) revising the minimum liquidity requirements for all times following October 31, 2023 to be between $15,000 and $20,000, based on the Marathon adjusted EBITDA (as defined in the Marathon Credit Agreement, the "Marathon Adjusted EBITDA") targets over the most recently ended four fiscal quarters; (ii) deleting the quarterly minimum revenue targets and replacing them with Marathon Adjusted EBITDA targets, beginning with the quarter ending November 30, 2023; and (iii) deleting the prohibition against the Company having a going concern explanatory paragraph in the opinion of the independent registered public accounting firm of the Company that accompanies the Company's annual report. Notwithstanding these amendments, there is no assurance that the lender will agree to amend or to waive any future potential covenant breaches, if any. The Company does not meet the condition precedents to drawdown additional amounts under the Marathon Credit Agreement and does not currently have other committed sources of financing available to it.

The Company's ability to continue as a going concern for a period of at least, but not limited to, 12 months from November 30, 2023, involves significant judgement and is dependent on the adherence to the conditions of the Marathon Credit Agreement or to obtain the support of the lender (including possible waivers and amendments, if necessary), increase its revenues and the management of its expenses (including the reorganization mainly focused on its R&D activities-see Note 16(a)) in order to meet or exceed the Marathon Adjusted EBITDA target and generate sufficient positive operating cash flows. Some elements of management's plans are outside of management's control and the outcome cannot be predicted at this time. Should management's plans not materialize, the Company may be in default under the Marathon Credit Agreement, be forced to reduce or delay expenditures and capital additions and seek additional alternative financing, or sell or liquidate its assets. As a result, there is material uncertainty related to events or conditions that cast substantial doubt about the Company's ability to continue as a going concern.

These Financial Statements have been prepared assuming the Company will continue as a going concern, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These Financial Statements do not include any adjustments to the carrying values and classification of assets and liabilities and reported expenses that might result from the outcome of this uncertainty and that may be necessary if the going concern basis was not appropriate for these Financial Statements. If the Company was unable to continue as a going concern, material impairment of the carrying values of the Company's assets, including intangible assets, could be required.

1. Basis of preparation (continued)

Basis of measurement (continued)

The Company's Financial Statements have been prepared on a going concern and historical cost basis, except for:

- bonds and money market funds, which are measured at fair value,
- derivative financial assets, which are measured at fair value,
- liabilities related to cash-settled share-based arrangements and derivative financial liabilities, which are measured at fair value,
- lease liabilities which are measured at present value of lease payments not paid at commencement date,
- equity-classified share-based payment arrangements are measured at fair value at the grant date pursuant to IFRS 2, *Share-based Payment*.

The methods used to measure fair value are discussed further in Note 25.

Functional and presentation currency

The Company's functional currency is the United States dollar ("USD").

All financial information presented in USD has been rounded to the nearest thousand.

Use of estimates and judgments

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year.

1. Basis of preparation (continued)

Use of estimates and judgments (continued)

Judgments in applying accounting policies

Information about critical judgments in applying accounting policies and assumptions that have the most significant effect on the amounts recognized in the Financial Statements is noted below.

Milestones payments

The purchase consideration for the oncology platform (Note 13) includes additional milestone payments based on the attainment of commercial milestones that will be settled through the issuance of the Company's common shares, which represent a transaction in the scope of IFRS 2. Accordingly, the fair value of the oncology platform at the date of acquisition incorporates management's judgement as to the probability of attaining the share-based milestones as well as the expected timing of the attainment of the milestones.

Management uses judgement in determining whether milestone payments are performance-related development milestones which are capitalized as an intangible asset or are milestones related to the activity or usage of an asset which are expensed.

Key sources of estimation uncertainty

Key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Sales allowances

Management uses judgment in estimating provisions for sale allowances such as cash discounts, returns, rebates and chargebacks, including potential clawbacks in certain jurisdictions when pricing terms are based on temporary use authorizations and thus subject to future negotiation. The product revenue recognized quarter over quarter is net of these estimated allowances. Such estimates require the need to make estimates about matters that are inherently uncertain. These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends such as competitive pricing and new product introductions, estimated inventory levels, and the shelf life of products. If actual future results vary, these estimates need to be adjusted, with an effect on sales and earnings in the period of the adjustment. (refer to Notes 2 "Revenue recognition" and 3 for additional information).

1. Basis of preparation (continued)

Use of estimates and judgments (continued)

Recoverability of inventories

The Company regularly reviews inventory to determine whether the inventory cost exceeds its net realizable value. The determination of the net realizable value requires management to make estimates and use judgement in considering shelf life of a product, the effects of technological changes and new product introductions.

Other

Other areas of judgment and uncertainty are related to the estimation of accruals for clinical trial expenses, the recoverability of intangible assets, the measurement of derivative financial assets, the measurement of share-based arrangements, the Marathon Warrants and gain or loss on amendments to the Marathon Credit Agreement.

The Company is subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the healthcare environment, competition, litigation, legislation and regulations. Management regularly evaluates estimates and assumptions using historical experience and expectations about the future. Management adjusts estimates and assumptions when facts and circumstances indicate the need for change. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Significant accounting policies

The accounting policies have been applied consistently by the Company, except as otherwise noted for the initial application of new or amended accounting standards.

Basis of consolidation

The financial statements of the subsidiaries of the Company are included in these Financial Statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

2. Significant accounting policies (continued)

Basis of consolidation (continued)

Intercompany balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the Financial Statements.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate in effect at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the reporting year, adjusted for effective interest and payments during the reporting year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate in effect at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the date of the transaction. Foreign currency differences arising on translation are recognized in net profit, except for differences arising on the translation of FVOCI financial instruments, which are recognized in other comprehensive income (loss).

Foreign operations

The assets and liabilities of foreign operations whose functional currency is not the US$ are translated into US$ at the reporting date. The income and expenses of foreign-currency denominated operations are translated at average rates for each reporting period. Foreign exchange differences arising on the translation of foreign operations are recognized directly in other comprehensive income (loss). When a foreign subsidiary is disposed of, the cumulative amount recognized in the currency translative reserve forms part of the gain or loss on disposal.

2. Significant accounting policies (continued)

Revenue recognition

Revenue from contracts with customers – Net sales

The Company derives revenue from the sales of finished goods, which include Trogarzo® and *EGRIFTA SV®*. The Company recognizes revenue at a point in time when it transfers title of the finished goods to a customer, which generally occurs upon delivery of the finished goods to the customer's premises. Payment received from customers prior to the transfer of control of the goods is recorded as deferred revenue.

Some arrangements for the sale of finished goods provide for customer cash discounts for prompt payment, allowances, rights of return, rebates on sales made under governmental and commercial rebate programs, chargebacks on sales made to government agencies and retail pharmacies and distribution fees, including potential clawbacks in certain jurisdictions when pricing terms are based on temporary use authorizations and thus subject to future negotiation which gives rise to variable consideration. At the time of sale, estimates are made for items giving rise to variable consideration based on the terms of the arrangement. The variable consideration is estimated at contract inception using the most likely amount method and revenue is only recognized to the extent that a significant reversal of revenue is not expected to occur. The estimate is based on historical experience, current trends, contractual terms with distributors and other known factors. Sales are recorded net of customer discounts, rebates, chargebacks, distribution fees and estimated sales returns, and exclude sales taxes. A refund liability and a right to recover returned goods asset are recognized for expected returns in relation to sales made before the end of the reporting period. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of variable consideration, including expected returns, on a quarterly basis, adjusting for the amounts of the asset and liability accordingly.

Cost of sales

Cost of goods sold

Cost of goods sold includes the cost of raw materials, supplies, direct labour and overhead charges allocated to goods sold as well as write-downs of inventories.

Amortization of the other asset

The amortization of the other asset related to the repurchase of the future royalty rights under the 2013 Termination Agreement (Note 14).

2. Significant accounting policies (continued)

Employee benefits

Salaries and short-term employee benefits

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and employment insurance.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Finance income and finance costs

Finance income comprises interest income on financial assets and gains on the disposal of financial assets and financial liabilities. Interest income is recognized as it accrues in net loss using the effective interest method.

Finance costs comprise bank charges, interest and accretion expense on lease liabilities, convertible unsecured senior notes, long-term loans and obligations and deferred financing costs, impairment losses on financial assets recognized in net loss, changes in fair value of liabilities and derivatives, unrealized foreign currency gain or loss on long-term obligations, loss on long-term obligations modifications and other foreign currency gains and losses which are reported on a net basis.

2. Significant accounting policies (continued)

Inventories

Inventories are presented at the lower of cost, determined using the first-in, first-out method, and net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials and other costs incurred in bringing the inventories to their present location and condition. The Company is responsible for coordinating the production and stability testing and for auditing suppliers at different times during the manufacturing process. Inventory costs also include the costs directly related to the conversion of materials into finished goods. Net realizable value is the estimated selling price in the Company's ordinary course of business less the estimated costs of completion and selling expenses. In determining whether the inventory cost exceeds its net realizable value for pre-launch inventory, the Company considers whether there is a high probability of regulatory approval for the product. In making that determination, the Company considers prior history with approvals of similar products, estimated timing of obtaining regulatory approval, regulatory agencies correspondence regarding safety and efficacy of the product and current market factors.

Work in progress inventory appears from the moment third party suppliers use the material provided by the Company until the time the Company receives the finished product. The value of work in progress inventory is equal to the value of material provided by the Company plus all conversion work performed by third party suppliers.

Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net profit or loss.

2. Significant accounting policies (continued)

Property and equipment (continued)

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of items of property and equipment are recognized in net profit or loss as incurred.

Depreciation

The methods of depreciation and depreciation rates and periods are as follows:

Asset	Method	Rate/period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance and straight-line	20% 5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of lease term and economic life

The method of depreciation is selected based on the most closely expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

2. Significant accounting policies (continued)

Intangible assets (continued)

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost, less accumulated amortization and accumulated impairment losses.

During the years ended November 30, 2023, 2022 and 2021, no development expenditures were capitalized.

Non-refundable advance payments for good and services that will be used in future research and development activities are expenses when the activity has been performed rather than when the payment is made.

Commercialization rights and oncology platform

Commercialization rights and the oncology platform acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses. Commercialization rights – *EGRIFTA SV®* – are amortized at fixed rates based on their estimated useful life of 111 months on a straight-line basis. Commercialization rights – Trogarzo® North American Territory – are amortized at fixed rates based on their estimated useful life of 142 months on a straight-line basis. Commercialization rights – Trogarzo® European Territory – were amortized at fixed rates based on their estimated useful life of 148 months on a straight-line basis. They were fully amortized during the year ended November 30, 2022. Refer to Note 13. Commercialization rights for the oncology platform will be amortized over the estimated useful life on a straight-line basis when the asset is available for use.

2. Significant accounting policies (continued)

Intangible assets (continued)

The amortization method and useful life of intangible assets are reviewed every year and adjusted as required.

Asset acquisitions

Asset acquisitions are acquisitions that do not qualify as business combinations. At the date of acquisition, the Company initially recognizes the individual identifiable assets acquired and liabilities assumed. The cost to the Company at the date of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of the acquisition. Subsequent consideration for performance-related development milestones is recognized as intangible assets when the specific milestones have been achieved and other recognition criteria are met. Subsequent payments related to activity or usage of an asset, including sales royalties, are expensed as incurred. Asset acquisition transactions do not give rise to goodwill.

Other asset

Other asset, which comprised the amount disbursed in connection with the repurchase of the future royalty rights under the 2013 Termination Agreement (Note 14), was amortized over its estimated useful life of 48 months. Other asset was fully amortized during the year ended November 30, 2022.

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 such an indication exists, the recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("Cash-Generating Unit"). The recoverable amount of an asset or a Cash-Generating Unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the Cash-Generating Unit.

2. Significant accounting policies (continued)

Intangible assets (continued)

Impairment losses recognized in prior years are determined by the Company at each reporting date for any indications that the loss has decreased or no longer exists. An asset's carrying amount, increased through the reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or issue. On initial recognition, the Company classifies its financial assets as measured at amortized cost, FVOCI or fair value through profit or loss ("FVPL"), depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost, using the effective interest method and net of any impairment loss, if it meets both of the following conditions and is not designated at fair value though profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company currently classifies its cash and trade and other receivables as financial assets measured at amortized cost.

(ii) Financial assets, measured at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial assets, measured at fair value through other comprehensive income (continued)

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (loss). When an investment is derecognized, gains or losses accumulated in other comprehensive income (loss) are reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (loss).

This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment, and other net gains and losses are recognized in other comprehensive income (loss) and are never reclassified in profit or loss.

The Company currently classifies its bonds as financial assets measured at FVOCI.

(iii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. These assets are subsequently measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. The Company currently classifies its money market funds and non-hedge derivative financial assets as financial assets measured at FVPL.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. Significant accounting policies (continued)

Financial instruments (continued)

(iv) Financial liabilities

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

The Company issued the Marathon Warrants which are classified as financial liabilities through profit or loss because the exercise can be made on a cashless basis. All transaction costs related to financial instruments designated at fair value through profit or loss are expensed as incurred.

The Company currently has no other financial liabilities measured at FVPL.

- Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at FVPL. A financial liability is subsequently measured at amortized cost using the effective interest method. The Company currently classifies accounts payable and accrued liabilities, convertible unsecured senior notes and Loan Facility as financial liabilities measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

(v) Compound financial instruments

Compound financial instruments are instruments that contain both a liability component and an equity component, and the liability component can be converted into share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

2. Significant accounting policies (continued)

Financial instruments (continued)

(v) Compound financial instruments (continued)

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversation option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Upon repurchase, the proceeds are allocated based on the same basis that was used for the initial recognition.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(vi) Derivative financial instruments

Derivative financial instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. The changes in the fair value of derivatives are recognized through profit or loss in the year in which they occur.

(vii) Offsetting of financial instruments

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

At each reporting date, the Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets carried at amortized cost and debt securities at FVOCI. The Company's trade and other receivables are accounts receivable with no financing component and which have maturities of less than 12 months and, as such, the Company has chosen to apply the simplified approach for ECL. As a result, the Company does not track changes in credit risk related to its trade and other receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

2. Significant accounting policies (continued)

Financial instruments (continued)

(viii) Impairment of financial assets

For other financial assets subject to impairment, the Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have a low credit risk when its credit risk rating is equivalent or above investment grade credit rating, such as its bonds classified at FVOCI.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Leases

At inception, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease, i.e. the date the underlying asset is available for use.

2. Significant accounting policies (continued)

Leases (continued)

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated amortization and accumulated impairment losses, and adjusted for remeasurement of lease liabilities. Cost of right-of-use assets comprises:

- the initial measurement amount of the lease liabilities recognized;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred;
- an estimate of costs to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease contract.

Right-of-use assets are amortized on a straight-line basis over the lesser of (i) the estimated useful life of the underlying assets; and (ii) the lease term. Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date over the lease term. The present value of the lease payments is determined using the lessee's incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is a function of the lessee's incremental borrowing rate, the nature of the underlying asset, the location of the asset, the length of the lease and the currency of the lease contract. Generally, the Company uses the lessee's incremental borrowing rate for the present value. At the commencement date, lease payments generally include fixed payments, less any lease incentives receivable, variable lease payments that depend on an index (e.g. based on inflation index) or a specified rate, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease. Lease payments also include amounts expected to be paid under residual value guarantees and the exercise price of a purchase option if the Company is reasonably certain to exercise that option.

2. Significant accounting policies (continued)

Leases (continued)

Lease liabilities (continued)

Variable lease payments that do not depend on an index or a specified rate are not included in the measurement of lease liabilities but instead are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made. In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or specified rate, if there is a modification to the lease terms and conditions, a change in the estimate of the amount expected to be payable under residual value guarantee, or if the Company changes its assessment of whether it will exercise a termination, extension or purchase option. The remeasurement amount of the lease liabilities is recognized as an adjustment to the right-of-use asset, or in the consolidated statement of comprehensive loss when the carrying amount of the right-of-use asset is reduced to zero.

Classification and presentation of lease-related expenses

Amortization charge for right-of-use assets, expenses related to variable lease payments not included in the measurement of lease liabilities and loss (gain) related to lease modifications are allocated in the Company's consolidated statement of comprehensive loss based on their function within the Company, while interest expense on lease liabilities is presented within finance costs.

Deferred Financing Costs

Deferred financing costs consists of fees charged by underwriters, attorneys, accountants, and other fees directly attributable to future issuances of shares or debt securities. Provided these costs are determined to be recoverable, these costs are deferred and charged subsequently against the gross proceeds of the related equity or debt issuance on a proportionate basis when it occurs. If at such time the Company deems that these costs are no longer recoverable, they will be expensed as a component of finance expenses.

2. Significant accounting policies (continued)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Chargebacks and rebates

Chargebacks and rebates are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms.

Returns

Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company reviews its methodology and adequacy of the provision for returns on a quarterly basis, adjusting for changes in assumptions, historical results and business practices, as necessary.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events (and therefore exists) but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be estimated reliably.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in net loss except to the extent that they relate to items recognized directly in other comprehensive income (loss) or in equity.

2. Significant accounting policies (continued)

Income taxes (continued)

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and deferred tax losses that can be used against taxable profit in future years. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and to fiscal losses when they will be used, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences. A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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.

Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss at the time of the transaction, and, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

2. Significant accounting policies (continued)

Share-based compensation

Share option plan

The Company records share-based compensation related to Options granted using the fair-value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed over the period in which optionees unconditionally become entitled to the Options. The amount recognized as an expense is adjusted to reflect the number of Options for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of Options that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Deferred stock unit plan

The deferred stock units ("DSUs") are totally vested on the date of grant and are settled in cash. When DSUs are granted to officers as part of their annual bonuses, a DSU liability is recorded on the date of grant at the market value of the common shares in place of the liability for the bonus payments. When DSUs are granted to directors as part of their annual compensation in lieu of cash, the expense related to DSUs and their liabilities are recognized on the date of grant. The liability is adjusted to reflect any change in the market value of common shares, and such change is recorded in finance costs.

Stock appreciation rights plan

Stock appreciation rights ("SARs") entitle the grantee to a cash payment based on the increase in the share price of the Company's common shares from the grant date to the settlement date.

A liability is recognized for the services acquired and is recorded at the fair value of the SARs in other non-current liabilities, with a corresponding expense recognized in selling expenses over the period that the grantees become unconditionally entitled to the payment. The fair value of the employee benefits expense of the SARs is measured using the Black-Scholes model.

2. Significant accounting policies (continued)

Share-based compensation (continued)

Cash-settled stock appreciation rights (continued)

Estimating fair value requires determining the most appropriate inputs to the valuation model including the expected life of the SARs, volatility, risk-free interest rate and dividend yield and making assumptions about them. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the consolidated statement of net earnings (loss) and comprehensive earnings (loss) of the current year.

Government assistance

Government grants are recognized only when the Company has reasonable assurance that it meets the conditions and will receive the grants. Government grants related to assets are recognized in the consolidated statement of financial position as a deduction from the carrying amount of the related asset. They are then recognized in profit or loss over the estimated useful life of the amortization asset that the grants were used to acquire, as a deduction from the amortization expense.

Other government grants are recognized in profit or loss as a deduction from the related expenses, such as salaries for the Canadian Emergency Wage Subsidy program.

Research and development tax credits

The Company elected to account for non-refundable research and development tax credits under IAS 20, *Accounting for Government Grants and Disclosure of Governmental Assistance*. Non-refundable research and development tax credits are included in earnings against gross research and development expenses or deducted from the related assets, provided there is reasonable assurance that the Company has complied and will comply with the conditions related to the tax credits and that the credits will be received.

2. Significant accounting policies (continued)

Share capital

Common shares

Common shares, subscription receipts and Public Offering Warrants are classified as equity.

Transaction costs

Costs directly attributable to the issue of common shares and equity classified warrants and subscription receipts are recognized in equity, net of any tax effects.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders by taking the weighted average number of common shares outstanding and taking into consideration all dilutive potential common shares, which consist of the outstanding Options, warrants, subscription receipts and convertible unsecured senior notes.

Changes in accounting policies

In fiscal 2022, the Company voluntarily changed its accounting policy to classify interest paid and received as part of operating activities in the consolidated statement of cash flows. Previously, the Company elected to classify interest paid as cash flow from financing activities and interest received as cash flows from investing activities. This change was applied retrospectively.

New standard adopted

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments applied to the Company's annual reporting periods beginning on December 1, 2022, to contracts existing at the date the amendments were first applied. The adoption of the standard did not have an impact on the financial statements.

2. **Significant accounting policies** (continued)

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after December 1, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these Financial Statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance.

The amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect a liability's classification at that date.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments provide that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments will be effective for the Company's annual reporting period beginning on December 1, 2025. The Company is currently evaluating the impact of the amendments on its financial statements.

3. Revenue

United States

On May 12, 2014, the Company entered into a master services agreement with RxC Acquisition Company (“RxCrossroads”), along with two statements of work (“RxCrossroads Agreements”). Under the terms of the RxCrossroads Agreements, RxCrossroads acts as the Company’s exclusive third-party logistics service provider for all of the Company’s products in the United States and, as such, provides warehousing and logistical support services to the Company, including inventory control, account management, customer support, product return management and fulfillment of orders.

Under the RxCrossroads Agreements, RxCrossroads also acts as the Company’s exclusive third-party distributor of *EGRIFTA*® in the United States. In such a role, RxCrossroads purchases *EGRIFTA*® from the Company and takes title thereto when the goods arrive in their warehouse. RxCrossroads’ purchases of *EGRIFTA*® are triggered by its expectations of market demand over a certain period of time. With respect to *EGRIFTA*®, RxCrossroads fulfills orders received from authorized wholesalers and delivers *EGRIFTA*® directly to that authorized wholesaler’s client, namely, a specialty pharmacy forming part of the Company’s network of specialty pharmacies.

On November 1, 2017, the Company entered into amended and restated RxCrossroads Agreements to add Trogarzo® as a new product sold in the United States. These amended and restated RxCrossroads Agreements replaced the RxCrossroads Agreements entered into in May 2014. On November 1, 2019, the RxCrossroads Agreements were amended anew to include *EGRIFTA SV*® as an additional product distributed by RxCrossroads in the United States.

Canada

The Company commercialized *EGRIFTA*® directly in Canada using a distributor until September 2022, after which time the Company withdrew the product from the market in Canada.

(In thousands of United States dollars, unless otherwise stated)

3. Revenue (continued)

Europe

On July 9, 2020, the Company entered into pre-wholesaling services agreement with Loxxess Pharma GmbH or ("Loxxess") pursuant to which Loxxess agreed to act as our third-party service logistics provider (the "Loxxess Agreement") in certain key European countries, including Germany, France, Italy, Austria, The Netherlands, Portugal, Switzerland, United Kingdom, Norway, Sweden, Finland and Denmark. Loxxess is also capable of serving other European countries, including Israel and Turkey. Pursuant to the Loxxess Agreement, Loxxess received customers' ordered, stored, packaged and shipped Trogarzo® to European hospitals and pharmacies. Loxxess was also responsible, on our behalf, to collect payments of the goods sold to those hospitals and pharmacies. The hospitals and pharmacies dispensed Trogarzo® to patients.

On April 27, 2022, the Company announced that it would focus its commercial operations on the North American territory only and, as a result, would cease commercial sales of Trogarzo® in Europe. At that time, the Company sent a notice of termination to TaiMed Biologics Inc. ("TaiMed"), as per the contractual terms indicating it was returning the European commercialization rights to Trogarzo® to TaiMed within the next 180 days. The discontinuation became effective in December 2022. Refer to Note 13.

3. Revenue (continued)

Net sales by product were as follows:

	2023	2022	2021
EGRIFTA SV®	$ 53,705	$ 50,454	$ 43,009
Trogarzo®	28,059	29,603	26,814
	$ 81,764	$ 80,057	$ 69,823

(In thousands of United States dollars, unless otherwise stated)

3. Revenue (continued)

Net sales by geography were as follows:

	2023	2022	2021
Canada	$ 86	$ 52	$ 269
United States	81,392	78,744	68,099
Europe	286	1,261	1,455
	$ 81,764	$ 80,057	$ 69,823

4. Personnel expenses

	Note	2023	2022	2021
Salaries and short-term employee benefits		$ 24,934	$ 22,049	$ 11,480
Post-employment benefits		1,833	1,346	644
Share-based compensation	20(f),(h)	2,109	3,604	1,651
Termination benefits		2,006	566	209
		$ 30,882	$ 27,565	$ 13,984

In fiscal 2023, $1,963 was recorded in termination benefits for severance and other expenses. Refer to note 16(a).

In fiscal 2022, $457 was recorded in termination benefits for severance and other expenses associated with the return to TaiMed of the commercial rights to Trogarzo® in Europe.

(In thousands of United States dollars, unless otherwise stated)

5. Finance income and finance costs

	Note	2023	2022	2021
Gain on repurchase of convertible unsecured senior notes	18 $	- $	357 $	-
Net gain on financial instruments carried at fair value		1,257	-	-
Interest income		769	316	195
Gain on lease termination		121	-	-
Finance income		2,147	673	195
Accretion expense and amortization of deferred financing costs	17, 18, 19	(2,098)	(2,140)	(2,358)
Interest on convertible unsecured senior notes and on long-term loan		(8,263)	(4,357)	(3,306)
Bank charges		(42)	(35)	(31)
Net foreign currency loss		(159)	(1,027)	(926)
Loss on Loan Facility modifications	17, 20(c)	(3,540)	-	-
Write off of deferred financing costs	17,20(d)	(954)	-	-
Finance costs		(15,056)	(7,559)	(6,621)
Net finance cost recognized in net profit or loss	$	(12,909) $	(6,886) $	(6,426)

(In thousands of United States dollars, unless otherwise stated)

6. Bonds and money market funds

	2023	2022
Bonds	$ 6,062	$ 8,990
Guaranteed investment certificates	228	224
	$ 6,290	$ 9,214

As at November 30, 2023, bonds were interest-bearing financial assets with stated interest rates ranging from 0.85% to 3.75% (2022 – 0.65% to 3.90%) and had an average maturity of 1.40 years (2022 – 1.78 years).

7. Trade and other receivables

	2023	2022
Trade receivables	$ 12,798	$ 10,659
Sales taxes receivable	220	538
Other receivables	5	848
	$ 13,023	$ 12,045

(In thousands of United States dollars, unless otherwise stated)

8. Tax credits and grants receivable

Balance as at November 30, 2021	$	441
Tax credits and grants recognized in net loss		316
Tax credits and grants received		(442)
Effect of change in exchange rate		(16)
Balance as at November 30, 2022	$	299
Tax Credit and grants recognized in net loss	$	539
Tax credits and grants received		(324)
Effect of change in exchange rate		10
Balance as at November 30, 2023	$	524

Tax credits receivable comprise grants receivable, and research and development investment tax credits receivable which relate to eligible research and development expenditures under the applicable tax laws. The amounts recorded as receivables are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

(In thousands of United States dollars, unless otherwise stated)

8. Tax credits and grants receivable (continued)

The Company has unused and unrecorded non-refundable federal tax credits which may be used to reduce future federal income tax payable and expire as follows:

2024	$	438
2025		1,306
2026		1,604
2027		2,209
2028		2,451
2029		1,652
2030		818
2031		572
2032		299
2033		198
2039		185
2040		315
2041		383
2042		657
2043		728
	$	13,815

9. Inventories

	2023	2022
Raw materials	$ 2,262	$ 2,583
Work in progress	1,708	5,815
Finished goods	2,096	11,290
	$ 6,066	$ 19,688

In fiscal 2023, inventories of $18,540 (2022 - $19,587) were recognized as an expense and included in cost of goods sold.

(In thousands of United States dollars, unless otherwise stated)

9. Inventories (continued)

In the second quarter of 2023, inventories for an amount of $3,295 was returned to TaiMed. and accounts payable was reduced by a total amount of €3,179 ($3,399).

In fiscal 2023, an inventory provision of $220 (2022 – nil) was recognized pending marketing approval of the F8 formulation of tesamorelin and recorded in cost of sales.

Inventories were written down to net realizable value by an amount of $2,137 in 2022, which was recorded in cost of sales. Included in the 2022 write-down is a provision of $1,477 on the F8 formulation and $339 on material for the pen in development to be used in conjunction with the F8 formulation, and $252 on expired raw material. The 2022 write-down also includes a provision of $69 on excess stock of *EGRIFTA®* as a result of the Company's decision to withdraw the product from the market in Canada.

10. Prepaid expenses and deposits

		2023		2022
Prepaid expenses	$	2,687	$	6,320
Deposits		467		1,345
	$	3,154	$	7,665

(In thousands of United States dollars, unless otherwise stated)

11. Property and equipment

	Computer equipment	Laboratory equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
Balance as at November 30, 2021	$ 373	$ 107	$ 332	$ 650	$ 1,462
Additions	180	961	-	-	1,141
Disposals	(263)	-	-	-	(263)
Balance as at November 30, 2022	$ 290	$ 1,068	$ 332	$ 650	$ 2,340
Additions	7	128	27	-	162
Disposals	(46)	-	-	-	(46)
Balance as at November 30, 2023	$ 251	$ 1,196	$ 359	$ 650	$2,456
Accumulated depreciation					
Balance as at November 30, 2021	$ 229	$ 69	$ 157	$ 264	$ 719
Depreciation	157	94	38	101	390
Disposals	(263)	-	-	-	(263)
Balance as at November 30, 2022	$ 123	$ 163	$ 195	$ 365	$ 846
Depreciation	100	217	32	101	450
Disposals	(46)	-	-	-	(46)
Balance as at November 30, 2023	$ 177	$380	$227	$ 466	$ 1,250
Net carrying amounts					
November 30, 2023	$ 74	$ 816	$132	$184	$ 1,206
November 30, 2022	$ 167	$ 905	$ 137	$ 285	$ 1,494

(In thousands of United States dollars, unless otherwise stated)

12. Right-of-use assets

Balance as at November 30, 2021	$	2,111
Amortization		(429)
Effect of change in exchange rates		(87)
Balance as at November 30, 2022	$	1,595
Amortization		(352)
Termination	19(a) $	(799)
New lease	19(b) $	326
Balance as at November 30, 2023	$	770

13. Intangible assets

	Commercialization rights – Trogarzo® North American Territory	Commercialization rights – Trogarzo® European Territory	Commercialization rights – *EGRIFTA SV®*	Oncology platform	Total
Cost					
Balance as at November 30, 2021	$ 11,972	$ 7,612	$ 14,041	$ 3,488	$ 37,113
Additions	2,832	-	-	-	2,832
Balance as at November 30, 2022	$ 14,804	$ 7,612	$ 14,041	$ 3,488	$ 39,945
Disposal	-	(7,612)	-	-	(7,612)
Balance as at November 30, 2023	$ 14,804	$-	$ 14,041	$ 3,488	$ 32,333
Accumulated amortization					
Balance as at November 30, 2021	$ 3,267	$ 999	$ 11,459	-	$ 15,725
Amortization	1,087	6,613	1,511	-	9,211
Balance as at November 30, 2022	$ 4,354	$ 7,612	$ 12,970	-	$ 24,936
Disposal	$ -	(7,612)	-	-	(7,612)
Amortization	$ 1,442	$ -	$ 1,071	-	$ 2,513
Balance as at November 30, 2023	$ 5,796	$-	$ 14,041	-	$ 19,837
Net carrying amounts					
November 30, 2023	$ 9,008	$ -	$ -	$ 3,488	$ 12,496
November 30, 2022	$ 10,450	$ -	$ 1,071	$3,488	$ 15,009

13. Intangible assets (continued)

The amortization expense of $2,513 (2022 – $ 9,211; 2021 – $ 3,180) is included in selling expenses.

Commercialization rights – Trogarzo®

On March 18, 2016, the Company entered into a distribution and marketing agreement with TaiMed granting the Company the exclusive right to market Trogarzo® in Canada and in the United States. On March 6, 2017, the Company entered into an amended and restated distribution and marketing agreement with TaiMed ("TaiMed Agreement") granting the Company the exclusive right to market and distribute Trogarzo® in Canada and in the United States (collectively, the "North American Territory") as well as in European Union countries and other countries such as Israel, Norway, Russia and Switzerland (collectively, the "European Territory"). The TaiMed Agreement has a 12-year term that will expire on a country-by-country basis calculated from the date of approval of Trogarzo® in each of the countries covered under the TaiMed Agreement. TaiMed is responsible for the manufacture and supply of Trogarzo® under the TaiMed Agreement.

Commercialization rights – Trogarzo® in the North American Territory

Under the terms of the TaiMed Agreement, TaiMed was responsible for developing Trogarzo® and for seeking its approval from the US Food and Drug Administration ("FDA"). The Company is responsible, but has no obligation, to seek the approval of Trogarzo® from Health Canada and must use its commercially reasonable efforts to commercialize Trogarzo® in the United States. The purchase price of Trogarzo® payable to TaiMed has been determined at 52% of its net selling price.

Initial payments

Under the TaiMed Agreement, the Company agreed to make an initial payment of US$5,000 and will make several further milestone payments in exchange for the right to commercialize Trogarzo® and the right to use TaiMed's trademark in the North American Territory.

The initial payment of $5,000 was made in accordance with the following:

(i) $1,000 was paid in cash at the signature of the TaiMed Agreement entered into in March 2016; and

(ii) $4,000 through the issuance of the Company's common shares, payable after the first commercial sale of Trogarzo® in the United States. The $4,000 payment was made on May 15, 2018 and resulted in the issuance of 1,463,505 common shares to TaiMed.

(In thousands of United States dollars, unless otherwise stated)

13. Intangible assets (continued)

Initial payments (continued)

In 2016, the Company recorded as additions to intangible assets an amount of $5,207, related to the TaiMed Agreement, which comprised the cash payment of $1,000 at the signature of the TaiMed Agreement, the share-based payment of $4,000, and $207 in acquisition costs.

Further development milestone payments

Under the terms of the TaiMed Agreement, a further milestone of $7,000 was payable in two annual equal installments of $3,500 after achieving aggregate net sales of $20,000 over four consecutive quarters of the Company's financial year. The first payment of $3,500 was made in July 2019, and the second payment was made in June 2020. The Company determined this milestone to be substantially a development milestone and recorded such amount as additions to intangible assets during 2019. The Company also paid TaiMed further development milestones for Trogarzo® in 2022. A $3,000 milestone (payable in two annual equal installments of $1,500) became due upon the date of the first commercial sale of a once every two weeks intravenous (IV) push injection formulation. An amount of $2,832 has been capitalized as an intangible asset in fiscal 2022 related to these milestone payments (refer to Note 15).

Under the terms of the TaiMed Agreement, TaiMed may also launch a larger Phase III trial using Trogarzo® with a once every four weeks intramuscular, subcutaneous or intravenous-push (either fast or slow) injection formulation to address a much broader patient population. If launched, this development milestone will consist of an upfront milestone payment of up to $50,000 depending on the size of the newly targeted population, payable quarterly, based on the percentage of net sales generated by Trogarzo®.

Further commercial milestone payments

As further consideration under the TaiMed Agreement, the Company shall make the following one-time payments upon the first occurrence of the following commercial events:

Commercial milestone		Commercial milestone payment
(i)	Upon first achieving annual net sales of $200,000	$10,000
(ii)	Upon first achieving annual net sales of $500,000	$40,000
(iii)	Upon first achieving annual net sales of $1,000,000	$100,000

13. Intangible assets (continued)

Commercialization rights – Trogarzo® European Territory

On April 17, 2022, the Company announced that it would focus its commercial operations on the North American Territory only and, as a result, would cease the commercial sale of Trogarzo® in Europe. Refer to Note 3.

Consequently, during the second quarter of 2022, the remaining balance of the intangible asset amounting to $6,356 was recognized as part of the selling expenses to accelerate and fully amortize – Commercialization rights Trogarzo® – European Territory.

Oncology platform

On February 25, 2019, the Company acquired Katana Biopharma Inc. ("Katana") through the purchase of all of its issued and outstanding shares. On May 21, 2019, Katana was wound-up into the Company and then dissolved.

Katana (now the Company) is the worldwide exclusive licensee of a technology platform using peptides as a vehicle to specifically deliver existing cytotoxic agents to Sortilin receptors, which are overexpressed on cancer cells. The licence was entered into on February 25, 2019 with Transfert Plus, L.P. ("Transfert Plus"), an affiliate of Aligo Innovation, a university research company that commercializes the research results of universities and other institutional partners from various areas of innovation, including life sciences (the "Licence Agreement").

Under the terms of the acquisition agreement, part of the purchase price was to be settled through the issuance of common shares upon achieving two milestones. The first milestone consisted in initiating a Phase 1 clinical trial evaluating Sudocetaxel zendusortide for the treatment of Sortilin positive solid tumors. This milestone was achieved in March 2021 and was satisfied through the issuance of 120,482 common shares (Note 20(b)).

The second milestone payment of CA$2.3 million will occur when the proof of concept will have been demonstrated in human subjects and will be satisfied through the issuance of common shares of the Company.

13. Intangible assets (continued)

Oncology platform (continued)

This acquisition was accounted for as an asset acquisition. During 2019, the Company recorded additions to intangible assets of $3,073, which comprised the payment at closing of $1,965 in cash, $5 through the issuance of 900 common shares of the Company, the estimated fair value of the share-based contingent consideration of $1,028, and $75 in acquisition costs. As the share-based payments are equity-settled, the Company recognized a corresponding increase in equity, and no remeasurement of the fair value will occur regardless of the achievement of the milestones. Since the common shares for the second milestone payment have not been issued yet, the increase in equity is recorded in contributed surplus. Upon the issuance of the common shares, this amount will be reclassified to share capital. The intangible asset is currently not being amortized. Amortization will begin when the asset is available for use.

In August 2019, the acquisition agreement was amended to provide for an adjustment to the purchase price of CA$1.08 million in the event the Company could indirectly benefit from a CA$1.2 million subsidy in connection with its research and development activities. The subsidy was granted in October 2019. The adjustment will be payable in two installments. The first installment of CA$500 thousand was paid in cash in October 2019, whereas the second installment of CA$580 thousand will be paid through the issuance of common shares of the Company at the same time as the second milestone payment of CA$2.3 million. The cash payment of $376 (CA$500) thousand was recognized as an addition to intangible assets during 2019.

The annual maintenance fees, under the Licence Agreement amount to CA$25 thousand for the first five years and CA$100 thousand thereafter, until royalties become payable beginning with the first commercial sale of a product developed using the licensed technology.

The royalties payable under the Licence Agreement vary between 1.0% and 2.5% on net sales of a product based on the licensed technology. If the Company enters into a sublicence agreement, it must then pay amounts varying between 5% and 15% of revenues received from such sublicence agreement.

The Company must pay Transfert Plus the following milestone payments upon the occurrence of the following development milestones for the first product developed in the field of oncology:

(i) First milestone payment: $39 (CA$50) thousand, which was paid in May 2021, upon the successful enrollment of the first patient in the first Phase 1 clinical trial;

(ii) Second milestone payment: CA$100 thousand upon the successful enrollment of the first patient in the first Phase 2 clinical trial;

(In thousands of United States dollars, unless otherwise stated)

13. Intangible assets (continued)

Oncology platform (continued)

(iii) Third milestone payment: CA$200 thousand upon the successful enrollment of the first patient in the first Phase 3 clinical trial.

In addition, the Company must pay CA$200 thousand per product upon receiving the first approval for such product by a regulatory authority. The approval shall entitle the sponsor to commercialize the product in the territory in which the approval was obtained.

14. Other asset

Cost		
Balance as at November 30, 2021, 2022 and 2023	$	19,530
Accumulated amortization		
Balance as at November 30, 2021	$	17,089
Amortization		2,441
Balance as at November 30, 2022	$	19,530
Net carrying amounts		
November 30, 2023 and November 30, 2022	$	-

On May 29, 2018, the Company entered into an agreement with EMD Serono, Inc. (the "Renegotiated Agreement") to settle all outstanding cash payment obligations stemming from a termination and transfer agreement dated December 13, 2013, as amended (the "2013 Termination Agreement"). The remaining contractual obligations under the 2013 Termination Agreement totalled approximately $28,200, which was comprised of a $4,000 payment due in May 2019 and $24,200 in estimated royalties on future sales of *EGRIFTA®* payable over the subsequent four to five years. The Renegotiated Agreement allowed the Company to make one lump sum payment of $23,850 in settlement of the long-term obligation of $4,000 and to eliminate all of the royalty payments due on sales of *EGRIFTA®* in the United States. The payment made in connection with the settlement of the future royalty obligation has been accounted for as "Other asset" on the consolidated statement of financial position and was amortized through "Cost of sales" on the consolidated statement of net loss.

(In thousands of United States dollars, unless otherwise stated)

15. Accounts payable and accrued liabilities

	Note		2023		2022
Trade payables		$	6,990	$	12,886
Accrued liabilities and other payables			15,016		18,951
Salaries and benefits due to key management personnel	28		1,036		3,387
Employee salaries and benefits payable			3,053		1,298
Liability related to deferred stock unit plan	20(e)		39		589
Accrued interest payable on convertible unsecured senior notes and Loan Facility	17 and 18		840		1,108
TaiMed milestone (a)	13		1,497		2,846
		$	28,471	$	41,065

(a) On October 3, 2022, the Company announced that the United States Food and Drug Administration approved Trogarzo® (ibalizumab-uiyk) for administration by intravenous (IV) push, a method by which the undiluted medication is "pushed" by syringe for faster administration into the body's circulation. Under the TaiMed Agreement, the Company had additional contingent cash-based milestones based on the attainment of the above milestones. Accordingly, a $3,000 cash payment, payable in two annual equal installments of $1,500 has been accrued. The second payment has been discounted to reflect the effective interest rate of the liability due in year two. The first installment of $ 1,500 was paid in 2023 and the second will be paid in 2024.

(In thousands of United States dollars, unless otherwise stated)

16. Provisions

	Chargebacks and rebates	Returns	Restructuring [(a)]	Total
Balance as at November 30, 2021	$ 3,713	$ 410	$ -	$ 4,123
Provisions made	12,910	2,004	-	14,914
Provisions used	(10,358)	(929)	-	(11,287)
Effect of change in exchange rate	(233)	-	-	(233)
Balance as at November 30, 2022	$ 6,032	$ 1,485	$ -	$ 7,517
Provisions made	15,407	1,086	1,963	18,456
Provisions used	(14,506)	(309)	(1,721)	(16,536)
Effect of change in exchange rate	168	-	(2)	166
Balance as at November 30, 2023	$ 7,101	$ 2,262	$ 240	$ 9,603

(a) In July 2023, the Company initiated a reorganization mainly focused on its R&D activities. On October 24, 2023, the Company announced changes to its operations that saw a tapering of its research and development activities. As such, for the year ended November 30, 2023, $1,963 was recorded in charges related to severance and other expenses, of which an amount of $1,384 was recorded in research and development expenses, $220 in selling expenses and $359 in general and administrative expenses.

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17. Loan Facility

On July 20, 2022, the Company entered into a credit agreement with certain funds and accounts for which Marathon Asset Management, L.P. acts as investment manager (collectively, "Marathon") providing for up to $100,000 (the "Loan Facility" or " Marathon Credit Agreement") in loan. The disbursement of the loan was to be made available to the Company over time in four various tranches with each bearing specific conditions to be met by the Company.

On July 27, 2022, a principal amount of $40,000 ("Tranche 1 Loan") was funded while on June 21, 2023, a second $20,000 ('Tranche 2 Loan") was funded as a result of the lender removing during the first quarter of 2023 the condition related to the submission to the FDA of the results from the human factor study the Company was then conducting. Refer to Note 20(c) for a discussion on the cost of the amendment. The Company does not meet the conditions precedents to draw down the additional tranches of capital of $15,000 and $25,000, respectively.

On July 3, 2023, the Company incurred a Liquidity Breach resulting in the lender having the ability to demand immediate repayment of the debt and in making available to the lender the collateralized assets, which include substantially all cash, bonds and money market funds which are subject to control agreements. On July 10, 2023, the Company and the lender amended the terms of the Marathon Credit Agreement to reduce the minimum liquidity covenant for the period of July 10 to July 28, 2023 as follows:

- From $20,000 to $14,000 between July 10, 2023 up to and including July 21, 2023; and
- From $14,000 to $16,000 between July 22, 2023 up to and including July 28, 2023.

On July 28, 2023, the Company and the lender entered into an additional amendment to the terms of the Marathon Credit Agreement to provide, amongst other things, for the minimum liquidity covenant to be $15,000 from July 29, 2023, up to and including October 31, 2023. After such date, the minimum liquidity covenant was set at $20,000; provided, however, that if the F8 formulation of tesamorelin was not approved by the United States Food and Drug Administration by March 31, 2024, the minimum liquidity covenant was set at $30,000. On September 21, 2023, the Company obtained a waiver from the lender relating to the Liquidity Breach for the period between July 3, 2023 up to end and including July 9, 2023. On October 13, 2023, the Company and the lender entered into an additional amendment to the Marathon Credit Agreement (the "Fifth Amendment") providing for, amongst other things, the following amendments:

17. Loan Facility (continued)

- revising the minimum liquidity requirements for all times following October 31, 2023 to be between $15,000 and $20,000, based on thresholds for Marathon Adjusted EBITDA over the most recently ended four fiscal quarters;

- revising the minimum revenue requirements to be based on Marathon Adjusted EBITDA-based targets instead of quarterly revenue-based targets, beginning with the quarter ending November 30, 2023;

- deleting the prohibition against the Company having a going concern explanatory paragraph in the opinion of the independent registered public accounting firm of the Company that accompanies to the Company's annual report.

In consideration of the Fifth Amendment, the Company agreed to (i) pay an amount equal to $540 amortized value ($600), or 100 basis points calculated on the outstanding principal amount of the funded debt as of October 13, 2023 ($60,000), which amount was added to the outstanding principal amount of the funded debt as payment in kind; and (ii) reset the exercise price of the Marathon Warrants, which are now exercisable into 1,250,000 common shares at $2.30 per common share, down from the previous $5.80 per common share.

The salient conditions of the amounts drawn under the Loan Facility are as follows:

- The Loan Facility has an initial term of five years, provides for an interest-only period of 24 months, and bears interest at the Secured Overnight Financing Rate ("SOFR") plus 9.5%. The Tranche 1 Loan and Tranche 2 Loan are repayable in equal monthly installments on an amortization schedule of 36 months starting in July 2024. The Company is entitled to prepay the outstanding Loan Facility at any time subject to certain prepayment premium amount: for Tranche 1 Loan until July 27, 2024, an amount equal to the make whole amount, and after this date, a maximum amount of 3% of the principal amount being prepaid. For Tranche 2 Loan, until June 21, 2025, an amount equal to the make whole amount , and after this date, a maximum amount of 3% of the principal amount being prepaid;

- The Loan Facility provides Marathon Adjusted EBITDA-based targets and minimum liquidity requirements (both as defined in the Marathon Credit Agreement) for all times to be between $15,000 and $20,000 based on thresholds for Marathon Adjusted EBITDA over the most recently ended four financial quarters;

(In thousands of United States dollars, unless otherwise stated)

17. Loan Facility (continued)

- The Loan Facility restricts the ability to incur additional debt and to make acquisitions, dispositions, in-licensing and out-licensing of products or assets, except in very limited circumstances. A breach of the terms and conditions of the Marathon Credit Agreement will create an event of default resulting in an increase of 300 basis points on the outstanding loan and provide the lender with the ability to demand immediate repayment of the debt;

- The lender has a first ranking security interest on all of the Company's assets, subject to certain credit card arrangements restrictions.

The movement in the carrying value of the Loan Facility is as follows:

Proceeds from Loan Facility on July 27, 2022	$	40,000
Transaction costs		(2,285)
Accretion expense		179
Term loan as at November 30, 2022	$	37,894
Proceeds from Tranche 2 Loan on June 21, 2023		20,000
Costs related to issuance of Tranche 2 Loan		(1,182)
Costs related to Marathon Warrants (note 20(c))		(78)
Consideration for the Fifth Amendment		540
Accretion expense		800
Term loan as at November 30, 2023	$	57,974
Current portion		(7,286)
Non-current portion	$	50,688

On June 21, 2023, the Company drew down on the Tranche 2 Loan, for net proceeds of $19,300. An amount of $482 was reclassed from deferred financing costs assets and applied against the loan balance.

Deferred financing costs in the amount of $347 were written off in the statement of net loss of November 30, 2023 in relation to the additional tranches of the Loan Facility.

(In thousands of United States dollars, unless otherwise stated)

18. Convertible unsecured senior notes

The movement in the carrying value of the convertible unsecured senior notes is as follows:

Convertible unsecured senior notes as at November 30, 2021	$	54,227
Changes from financing cash flows:		
Cash paid on repurchase		(28,546)
Transaction costs incurred		(73)
Other changes:		
Gain on repurchase		(357)
Accretion expense		1,644
Convertible unsecured senior notes as at November 30, 2022	$	26,895
Changes from financing cash flows:		
Cash paid on repurchase		(27,452)
Other changes:		
Conversion		(15)
Accretion expense		572
Convertible unsecured senior notes as at November 30, 2023	$	-

On June 30, 2023, the Company reimbursed all of the issued and outstanding convertible unsecured senior notes for proceeds of $27,452 and 253 shares were issued on conversion of $15 convertible unsecured senior notes.

(In thousands of United States dollars, unless otherwise stated)

19. Leases liabilities

		Carrying value
Balance as at November 30, 2021	$	2,518
Accretion expense		157
Lease payments		(605)
Effect of change in exchange rates		(148)
Balance as at November 30, 2022	$	1,922
Accretion expense		101
Lease payments		(452)
Effect of change in exchange rates		17
Termination (a)		(920)
New lease (b)		326
Balance as at November 30, 2023	$	994
Current portion		(421)
Non-current portion	$	573

(a) On February 17, 2023, the Company terminated its lease in Ireland. Accordingly, the Company reduced its right-of-use assets by $799, the lease liabilities by $920 and recorded a gain on lease termination of $121. The gain is presented in finance income (Note 5).

(b) On March 1, 2023, the Company signed a new lease in Ireland. Accordingly, the Company recorded a right-of-use asset and a lease liability of $326.

20. Share capital, warrants and subscription receipts

Authorized in unlimited number and without par value

Common shares;

Preferred shares, issuable in one or more series.

All issued shares were fully paid on November 30, 2023 and 2022.

Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual meeting of shareholders.

No preferred shares are outstanding.

(a) Public offering

On January 19, 2021, the Company completed a public offering for the sale and issuance of units. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant of the Company (each whole warrant, a "Public Offering Warrant") and is classified in Share Capital and Public Offering Warrants within equity. During the year ended November 30, 2023, no Public Offering Warrant were exercised (November 30, 2022 nil and November 30, 2021, 233,400 Public Offering Warrants were exercised for proceeds of $742). At November 30, 2023, there were 8,130,550 Public Offering Warrants outstanding. Four (4) Public Offering Warrants entitles the holder thereof to purchase one (1) common share at an exercise price of $12.72 at any time until January 19, 2024.

The 8,130,550 Public Offering Warrants expired on January 19, 2024.

20. Share capital, warrants and subscription receipts (continued)

(a) Public offering (continued)

On October 31, 2023, the Company completed a public offering for the sale and issuance of 12,500,000 common shares at a price of $1.00 per common share for gross proceeds of $12,500. On November 14, 2023, the Company issued 160,000 common shares at a price of $1.00 per common share for gross proceeds of $160 in relation to the partial exercise of the over-allotment option. The Company has also completed a concurrent private placement (the "Concurrent Private Placement") with Investissement Québec of 9,118,184 common shares and 3,381,816 fully-funded, non-voting subscription receipts, exchangeable at all times into common shares on a one-for-one basis in, in each case, at $1.00 for gross proceeds of $12,500. The subscription receipts were issued to limit the share ownership of the investor to not more than 19.9% of the issued and outstanding common shares and the subscription receipts are exchangeable at any time, provided ownership limitations are respected. The Company has also entered into an investor rights agreement pursuant to which Investissement Québec will be entitled to nominate one director to the Company's board of directors for as long as it holds 50% of the Common Shares purchased pursuant to the Concurrent Private Placement. The cost of the offering amounted to $2,053.

(b) Milestone oncology

In March 2021, the Company issued 120,482 common shares under the terms of the acquisition agreement entered into with all of the shareholders of Katana for Katana's in-licensed oncology platform. The purchase price for the oncology platform provided for share-based consideration to be issued upon attainment of two milestones. The first milestone was achieved in March 2021. The estimated fair value of the share-based consideration of $668 initially recorded in "Contributed surplus" on the date of the acquisition was reclassified to "Share capital" (Note 13).

20. Share capital, warrants and subscription receipts (continued)

(c) Marathon Warrants (continued)

On February 27, 2023, the Company issued to Marathon an aggregate of 5,000,000 common share purchase warrants (the "Marathon Warrants exercisable into 1,250,000 common shares, at an exercise price of $5.80, post Consolidation. The Marathon Warrants are exercisable for a period of seven years. The Marathon Warrants are not traded on any stock exchange, are transferable only to affiliates of Marathon or to other potential lenders under the terms of the Loan Facility and their affiliates and may be exercised on a cashless basis. Accordingly, the Marathon Warrants are derivative financial liabilities measured at fair value through profit or loss.

The Marathon Warrants were issued as consideration for various amendments made to the Marathon Credit Agreement, including:

- An amendment to remove a condition precedent to the disbursement of the Tranche 2 Loan requiring the Company to have filed with the FDA the results of a human factor study before June 30, 2023; and

- An amendment to allow for the inclusion of a going concern explanatory paragraph in the annual report of the independent registered public accounting firm for the fiscal year ended November 30, 2022.

In consideration of the Fifth Amendment, the Company has agreed to reset the exercise price of the 5,000,000 Marathon Warrants, which are now exercisable into 1,250,000 common shares at $2.30 per common share. (Refer to Note 17)

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(c) Marathon Warrants (continued)

The fair value of the Marathon Warrants was treated as a cash outflow in testing whether the debt modification was a substantial modification and it was concluded that the modification was not substantial. At the issuance, $2,650 were recorded as loss on debt modification using the Black-Sholes model and the assumptions set forth in the table below. An amount of $350 was recorded reflecting the increase of fair value of Marathon Warrants for the repricing upon entering into the Fifth Amendment. The derivative financial liability relating to the Marathon Warrants is recorded as a liability on the consolidated statement of financial position and resulted in a gain on fair value remeasurement of $1,525 for the year ended November 30, 2023.

		Measurement date as at November 30, 2023	**Issuance date measurement**
Risk-free interest rate		4.326%	3.92%
Expected volatility		88.568%	61.985%
Average option life in years		6.25 years	7 years
Share price	$	1.63	$3.80
Exercise price	$	2.30	$5.80

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the term of the Marathon warrant life. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the Marathon warrant is based upon the contractual term. The dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

With the issuance of the Marathon Warrants, the Company incurred transaction costs totalling $196 of which $78 was allocated to the Loan Facility and $118 was recorded as deferred financing costs relating to the available tranches under the Loan Facility. Deferred financing costs were written off on November 30, 2023 (Note 17).

20. **Share capital, warrants and subscription receipts** (continued)

(d) ATM program

Under the terms of a sales agreement dated July 23, 2021, the Company was able to issue and sell from time to time its common shares, having an aggregate offering price of up to $50,000, through or to the Agent, as agent or principal, in the United States for a period ending in December 2023. Sales of the common shares were to be made in transactions that were deemed to be “at-the-market distributions“ (“ATM“). In the fourth quarter of 2022, 400,000 common shares (2021 – no common shares) were sold for proceeds of $2,960 under the ATM program. Commission, legal and other costs related to this equity offering were charged directly to equity in the amount of $126 (2021 - nil). The common shares were sold at the prevailing market prices, which resulted in a price of $1.85 per share. Deferred financing costs in the amount of $607 were written off in the statement of net loss of November 30, 2023, in relation to the end of the program in December of 2023 without additional usage.

(e) DSU plan

On December 10, 2010, the Board of Directors adopted the DSU Plan for the benefit of its directors and officers (the “Beneficiaries”). The goal of the DSU Plan is to increase the Company’s ability to attract and retain high-quality individuals to act as directors or officers and to better align their interests with those of the shareholders of the Company in the creation of long-term value. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors in DSUs. Beneficiaries who act as officers are entitled to elect to receive all or part of their annual bonus, if any, in DSUs. The value of a DSU is used to determine the number of DSUs a Beneficiary may be granted or the value to be paid to a Beneficiary upon redemption. This value is equal to the average closing price of the common shares on the Toronto Stock Exchange on the date on which the Company is entitled to grant DSUs, or on the date on which a Beneficiary redeems them, and during the four previous trading days.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an officer of the Company. Upon redemption, the Company must provide a Beneficiary with an amount in cash equal to the DSU value on the redemption date. Beneficiaries may not sell, transfer or otherwise assign their DSUs or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

20. Share capital, warrants and subscription receipts (continued)

(e) DSU plan (continued)

DSUs are totally vested on the grant date. When DSUs are granted to officers as part of their annual bonus, a DSU liability is recorded on the grant date in lieu of a liability for a cash bonus payment. In the case of directors, the expenses related to DSUs and their liabilities are recognized on the grant date. During the year ended November 30, 2023, nil (2022 - $126; 2021 – $78) was recorded as an expense and is included in general and administrative expenses. The liability related to DSUs is adjusted periodically to reflect any change in the market value of the common shares. As at November 30, 2023, a gain of $224 (2022 - $221; 2021 – loss of $209) was recognized within finance costs (Note 5). As at November 30, 2023, the Company had a total 24,878 DSUs outstanding (2022 – 67,536 DSUs) and a liability related to the DSUs of $39 (2022 – liability of $589).

Cash-settled forward stock contracts

To protect against fluctuations in the value of DSUs, the Company entered into cash-settled forward stock contracts. They were not designated as hedging instruments for accounting purposes. As at November 30, 2023, the cash-settled forward stock contracts outstanding correspond to a total of 67,535 (2022 – 67,535) common shares at a price of $19.47 per share (2022 – $19.68 per share) expiring on December 18, 2024 (2022 – December 19, 2023). As at November 30, 2023, the fair value of cash-settled forward stock contracts was $110 (2022 – $603) and is recorded in derivative financial assets. During the year ended November 30, 2023, a loss of $492 (2022 -$217; 2021 – gain of $212) related to the change in fair value of derivative financial assets was recognized within finance costs.

(f) Stock Appreciation Rights

On October 4, 2018, the Board of Directors approved a stock appreciation rights plan (the “SARs Plan”) for its consultants that entitles the grantee to receive a cash payment based on the increase in the stock price of the Company’s common shares from the grant date to the settlement date. The term of a SAR may not exceed 10 years from the grant date. Generally, SARs vest over a period of three years.

For the year ended November 30, 2023, ($22) (2022 - $12, 2021 – $53) was recorded as share-based compensation expense for the SARs Plan. Since these awards will be cash-settled, the fair value of SARs granted is estimated at each reporting period using the Black-Scholes model and the following weighted average assumptions. The liability is recorded in other liabilities on the statement of financial position.

(In thousands of United States dollars, unless otherwise stated)

20. Share capital and warrants and subscription receipts (continued)

(f) Stock Appreciation Rights Plan (continued)

Granted in 2019 and 2021		Measurement date as at November 30, 2023	Measurement date as at November 30, 2022
Risk-free interest rate		3.55%	3.50%
Expected volatility		89.51%	58.4%
Average option life in years		6.8 years	7.8 years
Share price	$	1.58 (CA$2.15)	$ 8.72 (CA$11.72)
Option exercise price	$	16.99 (CA$23.07)	$ 17.16 (CA$23.07)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of a SAR. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of a SAR is estimated taking into consideration the vesting period on the grant date, the life of a SAR and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

No SARs were granted during the years ended November 30, 2023 and 2022.

(g) Shareholder rights plan

On March 3, 2022, the Board of Directors approved certain amendments and the renewal of the Company’s shareholder rights plan and, on April 6, 2022, the Company and Computershare Trust Services of Canada entered into an amended and restated shareholder rights plan agreement (the “Rights Plan”). The Rights Plan was approved by the shareholders on May 10, 2022. The Rights Plan is designed to provide adequate time for the Board and the shareholders to assess an unsolicited takeover bid for the Company. In addition, Rights the Plan provides the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Rights Plan will expire at the close of the Company’s annual meeting of shareholders in 2025 unless the Rights Plan is reconfirmed and approved by shareholders at such meeting.

20. Share capital and warrants and subscription receipts (continued)

(g) Shareholder rights plan (continued)

The rights issued under the Rights Plan are initially attached to and traded with the common shares, and no separate certificate is issued unless a triggering event occurs. The rights become exercisable only when an acquiring person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding common shares without complying with the "Permitted Bid" provisions of the Rights Plan or without approval of the Board of Directors. Subject to the terms and conditions set out in the Rights Plan, each right (other than those held by the acquiring person) will permit the holder to purchase for the exercise price that number of common shares determined as follows: a value of twice the exercise price divided by the "Market Price" (defined under the Rights Plan as being the average weighted trading price per common share for the 20 consecutive trading days through and including the trading day immediately preceding the relevant date) on the common share acquisition date (defined as "Stock Acquisition Date" under the Rights Plan). The exercise price under the Rights Plan has been set to three (3) times the Market Price.

Under the Rights Plan, a Permitted Bid is a bid made to all holders of common shares and which is open for acceptance for no less than 105 days. If, at the end of 105 days, more than 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares. If more than 50% of the outstanding common shares, other than those owed by the offeror and certain related parties, have been tendered within the above mentioned 105 days period, the offeror must make a public announcement of that fact and the bid must remain open for an additional ten business days from the date of the announcement.

20. Share capital, warrants and subscription receipts(continued)

(h) Stock option plan

The Company has established a stock option plan (the "Option Plan") under which it can grant its directors, officers, employees, researchers and consultants non-transferable options (the "Option") for the purchase of common shares. The exercise date of an Option may not be later than 10 years after the grant date. On March 28, 2023, the Company's Board of Directors amended the Option Plan to provide, among other things, that the maximum number of common shares that may be issued under the Option Plan (together with any other security-based compensation arrangements) shall not exceed 17% of the issued and outstanding common shares, on a non-diluted basis. The Option Plan has a "reloading" or "evergreen" feature, so that when Options are exercised, the number of common shares issuable under the Option Plan will be replenished and such exercised Options will be available to be regranted in the future. Shareholders ratified this amendment on May 9, 2023. Generally, the Options vest on the grant date or over a period of up to three years.

As at November 30, 2023, 5,762,675 Options could still be granted by the Company (2022 – 1,091,358, 2021 – 1,062,851) under the Option Plan.

All Options are to be settled by the physical delivery of common shares.

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(h) Stock option plan (continued)

Changes in the number of Options outstanding during the past two years were as follows:

	Number of Options	Weighted average exercise price per option CA$	Weighted average exercise price per option US$
Options outstanding in CA$			
Options outstanding as at November 30, 2021	797,583	$ 15.32	$ 12.00
Granted – CA$	547,847	16.68	13.00
Forfeited and expired – CA$	(144,213)	17.80	13.52
Exercised (share price: CA$11.12 (US$8.24))	(21,165)	1.24	0.92
Options outstanding as at November 30, 2022	1,180,052	$ 15,92	$ 11,84
Granted – CA$	792,193	5.16	3.80
Forfeited and expired – CA$	(197,686)	12.34	9.10
Options outstanding as at November 30, 2023 – CA$	1,774,559	$ 11.51	$ 8.48
Options exercisable as at November 30, 2023 – CA$	926,539	$ 15.19	$ 11.19
Options exercisable as at November 30, 2022 – CA$	554,354	$ 16.32	$ 12.12
Options outstanding in US$			
Options as at November 30, 2021 – US$	20,183	-	12.36
Granted – US$	96,668	-	12.08
Forfeited – US$	(10,208)	-	12.52
Options outstanding as at November 30, 2022 – US$	106,643	$ -	$ 10.00
Granted – US$	203,935	-	3.80
Forfeited – US$	(31,209)	-	5.01
Options outstanding as at November 30, 2023 – US$	279,369	$ -	$ 6.02
Options exercisable as at November 30, 2023 – US$	65,692	$ -	$ 9.48
Options exercisable as at November 30, 2022 – US$	7,769	$ -	$ 11.96

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(h) Stock option plan (continued)

The following table provides Option information as at November 30, 2023 (Options outstanding in CA$).

Price range		Number of options outstanding	Weighted average remaining life	Weighted average exercise price	
CA$	US$		(years)	CA$	US$
1.00 – 4.76	0.74 – 3.50	57,500	0.03	1.52	1.12
4.77 – 8.00	3.51 – 5.89	707,695	9.25	5.16	3.80
8.01 – 15.00	5.90 – 11.04	308,196	5.43	11.10	8.17
15.01 – 24.00	11.05 – 17.67	621,167	7.55	16.85	12.40
24.01 – 36.00	17.68 – 26.51	51,575	4.86	33.27	24.50
36.01 – 40.00	26.51 – 29.45	28,426	4.35	38.24	28.16
		1,774,559	7.49	11.51	8.48

The following table provides Option information as at November 30, 2023 (Options outstanding in US$).

Price range	Number of Options outstanding	Weighted average remaining life	Weighted average exercise price
US$		(years)	US$
1.00 – 4.76	179,185	9.25	3.80
4.77 – 15.00	100,184	8.03	10.00
	279,369	8.81	6.02

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(h) Stock option plan (continued)

For the year ended November 30, 2023, $2,237 (2022 - $3,860, 2021 – $1,879) was recorded as share-based compensation expense for the Option Plan. The fair value of Options granted in 2023 and 2022 was estimated on the grant date using the Black-Scholes model and the following weighted average assumptions.

Options granted in CA$	**2023**	**2022**
Risk-free interest rate	3.33%	1.62%
Expected volatility	64.3%	65.5%
Average option life in years	9.5 years	9 years
Grant-date share price	$ 3.80 (CA$5.16)	13.00 (CA$16.68)
Option exercise price	$ 3.80 (CA$5.16)	13.00 (CA$16.68)

Options granted in US$		**2023**	**2022**
Risk-free interest rate		3.92%	1.95%
Expected volatility		62%	64%
Average option life in years		9.5 years	9 years
Grant-date share price	$	3.80	12.08
Option exercise price	$	3.80	12.08

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(h) Stock option plan (continued)

The risk-free interest rate is based on the implied yield on a Canadian or U.S. government zero-coupon issue, with a remaining term equal to the expected term of an Option. The volatility is based on the weighted average historical volatility adjusted for changes expected due to publicly available information. The life of an Option is estimated taking into consideration the vesting period on the grant date, the life of the Option and the average period of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation, since Company policy is to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of Options granted during the years ended November 30, 2023 and 2022.

Options granted in CA$	Number of Options granted	Weighted average grant date fair value
2023	792,193	$ 2.77 (CA$3.76)
2022	547,847	$ 8.64 (CA$11.64)

Options granted in US$	Number of Options granted		Weighted average grant date fair value
2023	203,935	$	2.72
2022	96,668	$	8.36

The Black-Scholes model used by the Company to calculate the option values was developed to estimate the fair value of freely tradable, fully transferable Options without vesting restrictions, which significantly differs from the Company's Option grants. This model also requires four highly subjective assumptions, including future stock price volatility and the average Option life, which greatly affect the calculated values.

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(i) Loss per share

The calculation of basic loss per common share was based on the net loss attributable to common shareholders of the Company of $23,957 (2022 – 47,237, 2021 – $31,725) and a weighted average number of common shares outstanding calculated as follows.

	2023	2022	2021
Issued common shares as at December 1	24,201,582	23,780,417	19,253,360
Effect of share options exercised	-	3,338	93,562
Effect of public issue common shares	1,843,517	-	3,704,071
Impact on conversion of convertible unsecured senior notes	107	-	-
Effect of share issue - ATM program	-	29,589	-
Effect of subscription receipts issue	287,223	-	-
Effect of broker warrants exercised	-	-	36,564
Weighted average number of common shares, basic and diluted	26,332,429	23,813,344	23,087,557

For the year ended November 30, 2023, 2,053,928 (2022 – 1,286,695, 2021 – 817,766) Options, 8,130,550 (2022 – 8,130,550, 2021 – 8,130,550) Public Offering Warrants, and 5,000,000 Marathon Warrants were excluded from the weighted average number of diluted common shares calculation as their effect would have been anti-dilutive. The convertible unsecured senior notes were also excluded from the weighted average number of diluted common share calculation for the periods they were outstanding.

The average market value of the Company's common shares for purposes of calculating the dilutive effect of Options was based on quoted market prices for the period during which the options were outstanding.

(In thousands of United States dollars, unless otherwise stated)

20. Share capital, warrants and subscription receipts (continued)

(j) Accumulated other comprehensive income (loss)

	2023	2022	2021
Unrealized losses on FVOCI financial assets, net of tax	$ (256)	$ (555)	$ (195)
Cumulative exchange difference on translation of foreign operations	940	940	151
	$ 684	$ 385	$ (44)

21. Income taxes

The following table presents the components of the current and deferred tax expenses (recovery).

	2023	2022	2021
Current tax expense	$ 450	$ 443	$ 63
Deferred tax expense (recovery)			
Origination and reversal of temporary differences	$ (5,972)	$ (11,705)	$ (7,796)
Change in unrecognized deductible temporary differences	5,943	11,705	7,796
Total deferred tax expense (recovery)	$ (29)	$ -	$ -
Total current and deferred tax expense	$ 421	$ 443	$ 63

(In thousands of United States dollars, unless otherwise stated)

21. Income taxes (continued)

Reconciliation between effective and applicable tax amounts.

	2023	2022	2021
Income taxes at domestic tax statutory rate	$ (6,237)	$ (12,400)	$ (8,390)
Change in unrecognized deductible temporary differences	5,943	11,705	7,796
Impact of differences in statutory tax rates	(130)	102	64
Non-deductible expenses and other	845	1,036	593
Total income tax expense	$ 421	$ 443	$ 63

The applicable statutory tax rate was 26.5% in 2023, 2022 and 2021. The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates.

(In thousands of United States dollars, unless otherwise stated)

21. Income taxes (continued)

Unrecognized deferred tax assets

As at November 30, 2023 and 2022, the amounts and expiry dates of Canadian tax attributes for which no deferred tax asset was recognized were as follows:

	2023		2022	
	Federal	Provincial	Federal	Provincial
Research and development expenses, without time limitation	$ 87,151	$ 105,549	$ 86,768	$ 105,174
Losses carried forward				
2027	5,512	5,504	5,569	5,561
2028	33,761	16,258	34,110	16,426
2029	14,345	12,124	14,494	12,250
2030	8,423	8,420	8,510	8,507
2031	17,346	15,397	17,525	15,556
2032	11,752	10,791	11,874	10,902
2033	8,444	8,365	8,532	8,451
2034	7,733	7,665	7,813	7,744
2037	6,901	6,818	6,972	6,889
2038	2,013	1,938	2,034	1,958
2039	1,326	1,289	1,340	1,302
2040	7,242	7,218	7,317	7,292
2041	19,152	19,078	19,350	19,276
2042	29,042	28,885	31,181	31,190
2043	19,298	19,284	-	-
Other temporary differences, without time limitation				
Excess of tax value of property and equipment over carrying value	435	420	1,000	454
Excess of tax value of intellectual property and patent fees over carrying value	10,660	10,656	10,765	10,765
Available deductions and other	73,522	32,536	69,448	28,034

Given the Company's past losses, management does not believe that it is probable that the Company can realize its deferred tax assets and, therefore, no amount has been recognized in the consolidated statements of financial position. The generation of future taxable profit is dependent on the successful commercialization of the Company's products and technologies.

(In thousands of United States dollars, unless otherwise stated)

21. Income taxes (continued)

Unrecognized deferred tax assets (continued)

In addition to the above attributes, as at November 30, 2023, the Company had available $8,816 (2022 – $8,883) of losses carried forward in Ireland without expiry dates for which no deferred tax assets were recognized. As at November 30, 2023, deferred tax liabilities had not been recognized for taxable temporary differences arising from investments in a subsidiary because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Supplemental cash flow disclosures

The Company entered into the following transactions, which had no impact on its cash flows.

	2023	2022	2021
Deferred financing costs included in accounts payable and accrued liabilities	$ -	$ -	$ 174
Additions to property and equipment included in accounts payable and accrued liabilities	-	156	-
Acquisition of derivative financial assets included in accounts payable and accrued liabilities	-	104	-
Additions to intangible assets included in accounts payable and accrued liabilities	-	2,832	-
Reclassification of other Deferred financing costs to deficit	-	38	-
Share issue cost included in accounts payable and accrued liabilities	505	37	-

23. Financial instruments

Overview

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how the Company manages those risks. In addition to currency risk, the Company has exposure to risks from disputed accounts receivables.

Credit risk

Credit risk refers to the risk of a loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses.

The Company's exposure to credit risk currently relates to accounts receivable with one major customer (refer to Note 27), other receivable and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $12,798 (2022 – $10,659), all of which were aged under 60 days or received after year end. There was no amount recorded as bad debt expense for the years ended November 30, 2023 and 2022. Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consists principally of bonds and money market funds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental, municipal and high-grade corporate bodies and money market funds (2023 – $6,290; 2022 – $9,214). As at November 30, 2023, the Company believes it was not exposed to any significant credit risk. The Company's maximum credit exposure corresponded to the carrying amount of these financial assets.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due. As indicated in Note 24, the Company manages this risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital designed to ensure that the Company's liquidity needs are met. The instruments are selected with regards to the expected timing of expenditures and prevailing interest rates.

(In thousands of United States dollars, unless otherwise stated)

23. Financial instruments (continued)

Liquidity risk (continued)

Pursuant to the Marathon Credit Agreement, the Company is required to maintain cash, cash equivalents and eligible short-term investments overtime between $15,000 to $20,000 based on the last twelve months adjusted EBITDA-based targets, which restricts the management of the Company's liquidity. Refer to notes 1 and 17.

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2023 and 2022.

					2023
	Carrying amount	Total contractual amount	Less than 1 year	From 1 to 2 years	More than 3 years
Accounts payable and accrued liabilities	$ 28,471	$ 28,471	$ 28,471	$ -	$ -
Facility loan, including interest (1)	57,974	80,141	17,416	50,348	12,377
Lease liabilities	994	1,108	487	516	105
	$ 87,439	$ 109,720	$ 46,374	$ 50,864	$ 12,482

(1) Based on SOFR forward rates.

(In thousands of United States dollars, unless otherwise stated)

23. Financial instruments (continued)

Liquidity risk (continued)

					2022
	Carrying amount	Total contractual amount	Less than 1 year	From 1 to 2 years	More than 3 years
Accounts payable and accrued liabilities	$ 41,065	$ 41,065	$ 41,065	$ -	$ -
Term loan, including interest(2)	37,894	57,667	5,649	28,421	23,597
Convertible unsecured senior notes, including interest	26,895	29,081	29,081	-	-
Lease liabilities	1,922	2,196	595	1,145	456
	$ 107,776	$ 130,009	$ 76,390	$ 29,566	$ 24,053

(2) Based on SOFR forward rates. The maturities above reflect the fact that the Marathon Credit Agreement has been amended in the subsequent event period and, as such, the contractual maturities are used.

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than US$, primarily cash, sale of goods and expenses incurred in CA$ and euros.

Exchange rate fluctuations for foreign currency transactions can cause cash flows, as well as amounts recorded in the consolidated statements of net loss, to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US$ at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statements of net loss.

(In thousands of United States dollars, unless otherwise stated)

23. Financial instruments (continued)

Currency risk (continued)

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2023 and 2022.

	2023		2022	
	CA$	EURO	CA$	EURO
Cash	358	123	1,547	236
Bonds and money market funds	8,543	-	12,387	-
Trade and other receivables	296	2	733	2,141
Tax credits and grants receivable	497	145	66	239
Accounts payables and accrued liabilities	(5,395)	(224)	(10,784)	(5,849)
Lease liabilities	(925)	(288)	(1,362)	(873)
Provisions	(326)	(3,192)	-	(3,486)
Total exposure	3,048	(3,434)	2,587	(7,592)

The following exchange rates are those applicable as at November 30, 2023 and 2022.

	2023		2022	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ – US$	0,7404	0,7363	0,7722	0,7439
Euro – US$	1,0792	1,0903	1,0600	1,0406

(In thousands of United States dollars, unless otherwise stated)

23. Financial instruments (continued)

Currency risk (continued)

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the CA$ or the euro would have an impact on net earnings for CA$ and in the accumulated other comprehensive loss for euro as follows, assuming that all other variables remained constant.

		2023		2022
	CA$	**Euro**	**CA$**	**Euro**
Positive (negative) impact	152	(172)	129	(380)

An assumed 5% weakening of the CA$ or of the euro would have had an equal but opposite effect on the above currencies in the amounts shown above, assuming that all other variables remained constant.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as fair value through OCI, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income (loss).

Based on the value of the Company's short- and long-term bonds as at November 30, 2023, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income (loss) by approximately $42 (2022 – $79); an assumed increase in market interest rates of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash and money market funds bear interest at variable rates. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

23. Financial instruments (continued)

Interest rate risk (continued)

Based on the average value of variable interest-bearing cash and money market funds during the year ended November 30, 2023 of $20,231 (2022 – $23,505), an assumed 0.5% increase in interest rates during such year would have increased future cash flows and net profit by approximately $101 (2022 – $118); an assumed decrease of 0.5% would have had an equal but opposite effect.

Based on the value of the Company's long-term loan as at November 30, 2023, an assumed 0.5% increase in SOFR rate during such year would have decreased future cash flows and net profit by approximately $300 and an assumed increase of 0.5% would have had an equal but opposite effect.

24. Capital management

The Company's objective in managing its capital is to ensure a liquidity position sufficient to finance its business activities. The Company depends primarily on revenue generated by sales of *EGRIFTA SV*® as well as sales of Trogarzo® in the United States, and, from time to time, on public offerings of securities in North America to finance its activities. In order to maintain or adjust its capital structure, the Company, upon approval by its Board of Directors, may issue or repay long-term debt, issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company has also announced that it will evaluate its options in funding late stage development programs, which may include seeking a potential partner.

The capital management objectives remain the same as of the previous year, including that the Company's cash deposit and brokerage accounts are subject to control agreements relating to the Loan Facility and certain credit card arrangements allowing creditors to collateralized outstanding loaned values. Furthermore, the Company is required to maintain cash, cash equivalents and eligible short-term investments over time to range of $15,000 to $20,000 based on targeted Marathon Adjusted EBITDA.

As at November 30, 2023, cash, bonds and money market funds amounted to $40,387 (2022-$33,070).

24. Capital management (continued)

Currently, the Company's general policy on dividends is to retain cash to keep funds available to finance its growth.

The Company defines capital to include total equity and, prior to June 30, 2023, convertible unsecured senior notes.

The Company is not subject to any externally imposed capital requirements, except those disclosed in Note 17 in relation to the Marathon Credit Agreement.

25. Determination of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and financial liabilities measured at fair value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

Level 1: Defined as observable inputs such as quoted prices in active markets.

Level 2: Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

Other financial assets and financial liabilities

The Company has determined that the carrying values of its short-term financial assets and financial liabilities, including cash, trade and other receivables, and accounts payable and accrued liabilities approximate their fair value because of their relatively short period to maturity.

Bonds and money market funds and derivative financial assets and financial liabilities are stated at fair value, determined by inputs that are primarily based on broker quotes at the reporting date (Level 2).

25. Determination of fair values

Other financial assets and financial liabilities (continued)

The Company has determined that the carrying value of its Loan Facility approximates its fair value because the terms were modified near the end of the 2023 fiscal year-end.

Share-based payment transactions

The fair value of the Share Options is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.

The fair value of the DSUs is determined using the quoted price of the common shares of the Company and considered Level 2 in the fair value hierarchy.

Marathon Warrants

The Marathon Warrants are recognized at fair value and considered Level 3 in the fair value hierarchy. Reasonably possible changes at November 30, 2023, to one of the significant unobservable input, holding other inputs consistent, would have the following effects:

	Net loss	
	Increase	**Decrease**
Expected volatility (10% movement (100 bps))	$ (100)	$ 125

26. Commitments

(a) Long-term procurement agreements and research agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA SV*® and Trogarzo®. As at November 30, 2023, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $14,682 (2022 – $1,644) for the manufacture of Trogarzo®, *EGRIFTA SV*® and for other various services.

As at November 30, 2023, the Company also had research commitments and outstanding clinical material purchase orders amounting to $807 (2022 – $1,310) in connection with the oncology platform and nil (2022 – $868) in connection with a new formulation of tesamorelin and of a multi-dose pen injector developed for this new formulation.

(b) Licence agreement

On February 3, 2020, the Company entered into an amended and restated licence agreement with the Massachusetts General Hospital ("MGH"), as amended on April 15, 2020, in order to benefit from its assistance and knowledge for the development of tesamorelin for the potential treatment of Non-Alcoholic Steatohepatitis ("NASH") in the general population. Under the terms of the amended agreement, the MGH, through Dr. Steven Grinspoon, will provide services related to the study design, selection of optimal patient population, dosing, study duration and other safety matters and participate, if need be, in regulatory meetings with the FDA or the EMA. In consideration, the Company agreed to make certain milestone payments to the MGH related to the development of tesamorelin and to pay a low single-digit royalty on all sales of *EGRIFTA SV*® above a certain amount. The payment of the royalty will begin upon approval by the FDA or the EMA (the first to occur) of an expanded label of tesamorelin for the treatment of any fatty liver disease, including Non-Alcoholic Fatty Liver Disease or NASH in the general population.

(In thousands of United States dollars, unless otherwise stated)

27. Operating segments

The Company has a single operating segment. As described in Note 3, almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2023	2022	2021
RxCrossroads	$ 81,392	$ 78,744	$ 68,917
Others	372	1,313	906
	$ 81,764	$ 80,057	$ 69,823

All of the Company's non-current assets are located in Canada, the United States and Ireland. Of the Company's total non-current assets of $14,472 (2022 – $19,890), $14,138 (2022 – $18,980) are located in Canada, $32 (2022 – $69) are located in the United States and $302 (2022 – $841) are located in Ireland.

28. Related parties

The key management personnel of the Company are the directors, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Global Commercial Officer and the Senior Vice President and Chief Medical Officer.

Key management personnel compensation comprises:

	2023	2022	2021
Short-term employee benefits	$ 3,259	$ 3,191	$ 2,690
Post-employment benefits	95	86	72
Share-based compensation	1,355	2,078	1,243
	$ 4,709	$ 5,355	$ 4,005

As at November 30, 2023, the key management personnel controlled 1.1% (2022 – 0.8%) of the voting shares of the Company.