

SUVEN PHARMA INC.

Financial Statements

March 31, 2023 and 2022

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SUVEN PHARMA INC.

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Independent Auditor's Report

To the Board of Directors and Stockholders' of
Suven Pharma Inc.
Monmouth Junction, NJ

Opinion

We have audited the accompanying financial statements of Suven Pharma Inc. (a Delaware Corporation), which comprises the balance sheets as of March 31, 2023, and March 31, 2022 respectively, and the related statements of operations, statement of changes in stockholder's equity, and cashflows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suven Pharma Inc. as of March 31, 2023, and March 31, 2022, and the results of its operations and its cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Suven Pharma Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Suven Pharma Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Suven Pharma Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suven Pharma Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ram Associates

Hamilton, NJ
April 18, 2023
Hamilton, New Jersey

SUVEN PHARMA INC.
Balance Sheets
March 31,

	2023	2022
<u>ASSETS</u>		
Current assets :		
Cash	\$ 2,458,903	\$ 1,908,686
Escrow	-	971,250
Other current assets	467,024	614,165
Total current assets	2,925,927	3,494,101
Investments	15,803,667	15,803,667
TOTAL ASSETS	\$ 18,729,594	\$ 19,297,768
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current liabilities :		
Other current liabilities	\$ 1,500	\$ 171,880
Deferred tax liabilities	2,123,638	2,249,950
Total current liabilities	2,125,138	2,421,830
Stockholder's equity:		
Common stock, par value \$0.01; 1,500 shares authorized, issued and outstanding	15	15
Additional paid-in capital	16,999,985	16,999,985
Accumulated deficit	(395,544)	(124,062)
Total stockholder's equity	16,604,456	16,875,938
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 18,729,594	\$ 19,297,768

- See accompanying notes to the financial statements-

SUVEN PHARMA INC.
Statements of Operation
For The Years Ended March 31,

	2023	2022
General and administrative expenses	\$ 53,467	\$ 76,025
Operating loss before other income / (expense)	(53,467)	(76,025)
Other income		
Equity in income of investee	-	5,639,881
Capital gain on investment	-	6,555,307
Unrealised gain on investments	-	6,507,392
Loss / income before income tax expenses	(53,467)	18,626,555
Income tax expenses	218,015	7,173,734
Net loss / income	\$ (271,482)	\$ 11,452,821

- See accompanying notes to the financial statements-

For The Years Ended March 31,

	Common stock				Total stockholder's equity
	Number of shares	Amount	Additional paid-in capital	Retained earnings	
Balance at March 31, 2021	1,500	\$ 15	\$ 35,199,985	\$ 14,035,003	\$ 49,235,003
Return of capital			(18,200,000)	-	(18,200,000)
Dividend paid				(20,044,213)	(20,044,213)
Adjustment upon divestment				(5,567,673)	(5,567,673)
Net income				11,452,821	11,452,821
Balance at March 31, 2022	1,500	\$ 15	\$ 16,999,985	\$ (124,062)	\$ 16,875,938
Net loss				(271,482)	(271,482)
Balance at March 31, 2023	1,500	\$ 15	\$ 16,999,985	\$ (395,544)	\$ 16,604,456

- See accompanying notes to the financial statements-

SUVEN PHARMA INC

Statements of Cash Flows

For The Years Ended March 31,

	2023	2022
Cash flows from operating activities		
Net loss	\$ (271,482)	\$ 11,452,821
Adjustment to reconcile net income/loss to net cash used in operating activities		
Equity in income of investee	-	(5,639,881)
Gain on sale of investment	-	(6,555,307)
Distribution from equity investee	-	5,000,000
Unrealised Gain on Investments	-	(6,507,392)
Changes in assets and liabilities : (Increase) / Decrease in:		
Escrow	971,250	-
Other current Assets	147,141	(614,165)
Increase / (Decrease) in :		
Accounts payable	-	(1,750)
Other current liabilities	(170,380)	171,880
Deferred tax liabilities	(126,312)	2,249,950
Total adjustments	<u>821,699</u>	<u>(11,896,665)</u>
Net cash used in operating activities	<u>550,217</u>	<u>(443,844)</u>
Cash flows from investing activities		
Proceeds from sale of investment	-	40,584,057
Net cash provided by investing activities	<u>-</u>	<u>40,584,057</u>
Cash flow from financing activities		
Return of capital	-	(18,200,000)
Dividend Paid	-	(20,044,213)
Net cash used in financing activities	<u>-</u>	<u>(38,244,213)</u>
Net increase in cash and cash equivalents	550,217	1,896,000
Cash at the beginning of the year	1,908,686	12,687
Cash at the end of the year	<u>\$ 2,458,903</u>	<u>\$ 1,908,686</u>
Supplemental disclosure of cash flows information:		
Cash paid during the year for:		
Income taxes	\$ 218,015	\$ 7,173,734
Interest		-

- See accompanying notes to the financial statements-

SUVEN PHARMA, INC.
Notes to The Financial Statements
For The Years Ended March 31, 2023 and 2022

1. Nature of Business

Suven Pharma, Inc. (the "Company") was incorporated in the State of Delaware in March 2019. The Company was established to focus on Contract Development and Manufacturing Operations (CDMO) business in United States of America. The Company is wholly owned subsidiary ("WOS") of Suven Pharmaceuticals Limited, India (the "Parent").

2. Summary of Significant Accounting Policies

a) Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when services are rendered, and expenses reflected when costs are incurred.

b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

c) Cash and cash equivalents

The Company considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant

SUVEN PHARMA, INC.
Notes to The Financial Statements
For The Years Ended March 31, 2023 and 2022

credit risk. At times, the balance in the account may be in excess of the FDIC limit of \$250,000. As of March 31, 2023 and 2022, the uninsured portion of this balance was \$2,208,903 and \$1,658,686 respectively.

d) Revenue Recognition

The Company has not yet commercialized any products for sale. The Company has not generated revenue during the year ended March 31, 2023 and 2022.

e) Credit and Business Concentration

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables was nil during the year ended March 31, 2023 and 2022.

f) Accounts Receivables

The Company determines the allowance for doubtful accounts based on assessed customers' ability to pay, historical write-off experience, and economic trends. Such allowance for doubtful accounts is the company's best estimate of the amount of probable credit losses in the company's existing accounts receivable. There were no revenue for the year ending March 31, 2023 and 2022. At March 31, 2023 and 2022 the allowance for bad debts were \$Nil.

g) Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 5 to 7 years. The Company charges repairs and maintenance costs that do not extend the lives of the assets, to expenses as incurred.

During the year of operations, the Company has not acquired any Property and Equipment.

h) Income Tax

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in

SUVEN PHARMA, INC.
Notes to The Financial Statements
For The Years Ended March 31, 2023 and 2022

effect for the years in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is not “more-likely-than-not” that a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rate and laws.

The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company’s tax returns from the date of inception, which is March 4th, 2019, are subject to examination by federal and state taxing authorities following the date of filing.

i) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

k) Advertising Costs

The Company expenses advertising cost as incurred. Advertising expense for the years ended March 31, 2023 and 2022, were \$Nil.

3) Equity

Suven Pharmaceuticals Ltd, India is holding the entire investment of \$17 million in the Company, as of March 31, 2023.

SUVEN PHARMA, INC.
Notes to The Financial Statements
For The Years Ended March 31, 2023 and 2022

4) Investments

The Company is holding 7% equity stake in class A units in Rising Aggregator LP (subsidiary of HIG Capital Partners) valued at \$15,803,667.

As of March 31, 2023, the value of the investment is \$15,803,667.

5) New Accounting Pronouncements

i) In August 2018, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2018-13, "Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement". This ASU removed the following disclosure requirements: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; (2) the policy for timing of transfers between levels; and (3) the valuation processes for Level 3 fair value measurements. Additionally, this update added the following disclosure requirements: (1) the changes in unrealized gains and losses for the period included in other comprehensive income and loss for recurring Level 3 fair value measurements held at the end of the reporting period; (2) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019 with early adoption permitted.

ii) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. For public entities, ASU 2019-12 is effective for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. For nonpublic companies, ASU 2019-12 is effective for annual periods beginning after December 15, 2021, and interim periods within those reporting periods. Early adoption is permitted. The Company adopted this Standard from periods beginning April 1, 2022.

SUVEN PHARMA, INC.
Notes to The Financial Statements
For The Years Ended March 31, 2023 and 2022

6) Income Taxes

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is not “more-likely-than-not” that a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rate and laws.

The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company’s tax returns from the date of inception, which is March 4th, 2019, are subject to examination by federal and state taxing authorities following the date of filing.

7) Commitments

The Company has not leased office premises and it operates from group company (Suven Pharmaceuticals Limited,) office located at 1100 Cornwall Road, Suite # 110, Monmouth Junction, New Jersey 08852.

8) Litigation and Contingencies

Currently, the Company is not involved in any legal action or arbitration that it expects to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Company. All legal costs are expensed as incurred.

9) Subsequent Events

For the year ended March 31, 2023, the Company has evaluated subsequent events for potential recognition and disclosure through April 18, 2023, the date the financial statements were available for issuance. No reportable subsequent events have occurred through April 18, 2023, which would have a significant effect on the financial statements as of March 31, 2023, except as otherwise disclosed.