

# **SUVEN PHARMA INC**

## **Financial Statements**

**March 31, 2022 and 2021**

**RAM ASSOCIATES, CPAS**

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# SUVEN PHARMA INC

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**SUVEN PHARMA INC**

**Balance Sheets**

**March 31,**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>Current assets :</b>		
Cash	\$ 1,908,686	\$ 12,687
Escrow	971,250	-
Other current assets	614,165	-
Total current assets	3,494,101	12,687
<b>Investments</b>	15,803,667	49,224,066
<b>TOTAL ASSETS</b>	<b>\$ 19,297,768</b>	<b>\$ 49,236,753</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>Current liabilities :</b>		
Accounts payable	\$ -	\$ 1,750
Other current liabilities	171,880	-
Deferred tax liabilities	2,249,950	-
Total current liabilities	2,421,830	1,750
<b>Stockholder's equity:</b>		
Common stock, par value \$0.01; 1,500 shares authorized, issued and outstanding	15	15
Additional paid-in capital	16,999,985	35,199,985
Retained earnings/(accumulated deficit)	(124,062)	14,035,003
Total stockholder's equity	16,875,938	49,235,003
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 19,297,768</b>	<b>\$ 49,236,753</b>

- See accompanying notes to the financial statements-

SUVEN PHARMA INC

Statement of Income

For The Years Ended March 31,

	<u>2022</u>	<u>2021</u>
General and administrative expenses	\$ 76,025	\$ 5,559
Operating loss before other income / (expense)	(76,025)	(5,559)
<b>Other income</b>		
Equity in income of investee	5,639,881	7,338,690
Capital gain on investment	6,555,307	-
Unrealised gain on investments	6,507,392	-
Income before income tax expenses	<u>18,626,555</u>	<u>7,333,131</u>
Income tax expenses	7,173,734	-
<b>Net income</b>	<u><u>\$ 11,452,821</u></u>	<u><u>\$ 7,333,131</u></u>

- See accompanying notes to the financial statements-

**SUVEN PHARMA INC**  
**Statement of Changes in Stockholder's Equity**  
**For The Years Ended March 31,**

	Common stock		Additional paid-in capital	Retained earnings	Total stockholder's equity
	Number of shares	Amount			
<b>Balance at March 31, 2020</b>	1,500	\$ 15	\$ 35,199,985	\$ 6,701,872	\$ 41,901,872
Net income				7,333,131	7,333,131
<b>Balance at March 31, 2021</b>	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
<b>Balance at March 31, 2022</b>	<u>\$ 1,500</u>	<u>\$ 15</u>	<u>\$ 16,999,985</u>	<u>\$ (124,062)</u>	<u>\$ 16,875,938</u>

- See accompanying notes to the financial statements-

**SUVEN PHARMA INC**

**Statement of Cash Flows**

**For The Years Ended March 31,**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 11,452,821	\$ 7,333,131
Adjustment to reconcile net income to net cash used in operating activities		
Equity in income of investee	(5,639,881)	(7,338,690)
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:	-	
Accounts receivable		500
Other current Assets	(614,165)	-
Increase / (Decrease) in :		
Accounts payable	(1,750)	1,750
Other current liabilities	171,880	-
Deferred tax liabilities	2,249,950	-
Total adjustments	<u>(11,896,665)</u>	<u>(7,336,440)</u>
Net cash used in operating activities	<u>(443,844)</u>	<u>(3,309)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment	<u>40,584,057</u>	<u>-</u>
Net cash provided by investing activities	<u>40,584,057</u>	<u>-</u>
<b>Cash flow from financing activities</b>		
Return of capital	(18,200,000)	-
Dividend Paid	<u>(20,044,213)</u>	<u>-</u>
Net cash used in financing activities	<u>(38,244,213)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,896,000	(3,309)
<b>Cash at the beginning of the year</b>	<u>12,687</u>	<u>15,996</u>
<b>Cash at the end of the year</b>	<u>\$ 1,908,686</u>	<u>\$ 12,687</u>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid during the year for:		
Income taxes	\$ 7,173,734	\$ -
Interest	-	-

- See accompanying notes to the financial statements-



## 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, 2022 and 31, 2021 respectively, and the related statements of income, statement of changes in stockholder's equity, and cash flows 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, 2022 and March 31, 2021 respectively, 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 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 29, 2022

Hamilton, New Jersey



**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

**1. Nature of Business**

Suven Pharma, Inc. (the "Company") was incorporated as a C- Corporation 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").

**Liquidity**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last. To date, the Company has not experienced any major consequences or loss of business which will materially impact the financial conditions of the Company.

**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

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

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 credit risk. At times, the balance in the account may be in excess of the FDIC limit of \$250,000. As of March 31, 2022 and 2021, the uninsured portion of this balance was \$ 1,658,686 and \$Nil.

*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, 2022 and 2021.

*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, 2022 and 2021.

*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, 2022 and 2021. At March 31, 2022 and 2021 the allowance for bad debts were \$Nil.

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

*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 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 4<sup>th</sup>, 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

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

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, 2022 and 2021, were \$ Nil.

**3) Equity**

Suven Pharmaceuticals Ltd, India is holding the entire investment of \$ 17 million in the Company, as of March 31, 2022.

**4) Investments**

The Company entered into a Share Purchase Agreement with Raisin Aggregator, LP (R A LP) ('Buyer') to divest the 25% of the common stock of Rising Pharma Holdings, Inc. held by the Company on November 14, 2021. The Company had invested \$35 million in Rising for the year ended March 31, 2022. The Company's 25% investment in Rising is accounted for by the equity method, and the Company's proportionate share of Rising's net income or loss is reflected in the Company's results of operations. The total value of the divestment as of November 14, 2021, was \$ 57,358,974.

Total consideration consists of \$40,584,057 in cash and equity stake in the form of 7% Class A units in "R A LP" valued at \$15,803,667, which is a subsidiary of HIG Capital Partners (HIG CP). HIG CP, focuses on private equity, growth equity, real estate, debt/credit, lending and bio health. Balance amount of \$971,250 held in escrow is payable within 18 months subject to closure adjustments and taxes.

As of March 31, 2022, 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

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

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 February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. In addition, a lessee is required to record (i) a right-of-use asset and a lease liability on its balance sheet for all leases with accounting lease terms of more than 12 months regardless of whether it is an operating or financing lease and (ii) lease expense in its statement of operations for operating leases and amortization and interest expense in its statement of operations for financing leases. Leases with a term of 12 months or less may be accounted for similar to prior guidance for operating leases today. In July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842), which added an optional transition method that allows companies to adopt the standard as of the beginning of the year of adoption as opposed to the earliest comparative period presented. In November 2019, the FASB issued guidance delaying the effective date for all entities, except for public business entities. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2020. In June 2020, the FASB issued additional guidance delaying the effective date for all entities, except for public business entities. For public entities, ASU 2016-02 was effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

iii) 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 is currently evaluating the impact that the adoption of ASU 2019-12 will have on its financial statements.

**6) Income Taxes**

The Company’s provision for income taxes reflects the application of federal and state statutory rates to the Company’s income before taxes for the period it was a C-Corporation. The deferred tax assets and liabilities arise primarily from difference in the Company’s depreciation and amortization methods for income tax and book purposes.

The deferred tax assets (liabilities) on March 31, 2022, are as follows:

Deferred capital gain	\$ (2,249,950)
Total deferred tax asset (liability)	<u>\$ (2,249,950)</u>

Income tax expense was computed as follows:

Current income tax	\$7,173,734
Deferred income taxes expense	<u>2,249,950</u>
Total income taxes expenses	<u>\$ 9,423,684</u>

The Company’s effective tax rate is 27% for year ended March 31, 2022. The future effective income tax rate depends on various factors, such as the Company’s income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

The Company’s provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from different State income tax effective rates that were used in the accrual for the income provision for financial statement purposes versus the actual rate realized on the income tax returns.

**SUVEN PHARMA, INC.**  
**Notes to The Financial Statements**  
**March 31, 2022**

**7) Commitments**

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

**8) Subsequent Events**

For the year ended March 31, 2022, the Company has evaluated subsequent events for potential recognition and disclosure through April 29, 2022, the date the financial statements were available for issuance. No reportable subsequent events have occurred through April 29, 2022, which would have a significant effect on the financial statements as of March 31, 2022, except as otherwise disclosed.