

SUVEN PHARMA INC

Financial Statements

March 31, 2020

RAM ASSOCIATES, CPAs

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SUVEN PHARMA INC

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RAM ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

FIRM FOUNDATION

INDEPENDENTLY OWNED MEMBER

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Suven Pharma Inc (a Delaware Corporation) which comprise the balance sheet as of March 31, 2020 and the related statements of income, statement of changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2020 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.

Ram Associates

Ram Associates
Hamilton, NJ

June 8, 2020

SUVEN PHARMA INC

Balance Sheet

March 31, 2020

ASSETS

Current assets :

Cash	\$ 15,996
Other current assets	500
Total current assets	<u>16,496</u>

Investments	41,885,376
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TOTAL ASSETS	<u><u>\$ 41,901,872</u></u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

Stockholder's equity:

Common stock with \$0.010000 par value, 1,500 shares authorized, 1,500 issued and outstanding	\$ 15
Additional paid-in capital	35,199,985
Retained earnings	<u>6,701,872</u>
Total stockholder's equity	<u>41,901,872</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 41,901,872</u></u>
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SUVEN PHARMA INC
Statement of Income
For The Year Ended March 31, 2020

Operating Expenses	
General and administrative expenses	\$ 5,422
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Operating loss before interest expense	5,422
Interest expense	178,082
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Operating loss	(183,504)
Other income	
Equity in income of investee	6,885,376
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Net income	\$ 6,701,872
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- See accompanying notes to the financial statements-

SUVEN PHARMA INC

Statement of Changes in Stockholder's Equity

For The Year Ended March 31, 2020

	Common stock				Total stockholder's equity
	Number of shares	Amount	Additional paid-in capital	Retained earnings	
Balance at April 1, 2019	-	\$ -	\$ -	\$ -	\$ -
Issued on April 16, 2019	1,500	15	29,999,985	-	30,000,000
Issued on November 26, 2019	-	-	5,200,000	-	5,200,000
Net income				6,701,872	6,701,872
Balance at March 31, 2020	1,500	\$ 15	\$ 35,199,985	\$ 6,701,872	\$ 41,901,872

- See accompanying notes to the financial statements-

SUVEN PHARMA INC
Statement of Cash Flows
For The Year Ended March 31, 2020

Cash flows from operating activities

Net income	\$ 6,701,872
Adjustment to reconcile net loss to net cash used in operating activities	
Equity in income of investee	(6,885,376)
Changes in assets and liabilities :	
(Increase) / Decrease in:	
Accounts receivable	(500)
Total adjustments	<u>(6,885,876)</u>
Net cash used in operating activities	<u>(184,004)</u>

Cash flows from investing activities

Increase in investments	<u>(35,000,000)</u>
Net cash used in investing activities	<u>(35,000,000)</u>

Cash flow from financing activities

Increase in capital	<u>35,200,000</u>
Net cash provided by financing activities	<u>35,200,000</u>

Net increase in cash and cash equivalents	15,996
Cash at the beginning of the year	<u>-</u>
Cash at the end of the year	<u>\$ 15,996</u>

Supplementary disclosure of cash flows information:

Cash paid during the year for:	
Income taxes	\$ -
Interest	178,082

- See accompanying notes to the financial statements-

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

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"). During the year, the name of the Parent company was changed (from Suven Life Sciences Limited to Suven Pharmaceuticals Limited) effective from March 2020, consequent to demerger of Suven Life Sciences Limited, India.

Suven Life Sciences Limited, India is a 30 years old entity, demerged Contract Research And Manufacturing Services (CRAMS) business undertaking to Suven Pharmaceuticals Limited (Resulting entity) and retained discovery research and clinical development for new molecules focused on Central Nervous System (CNS) disorders and Suven Pharmaceuticals Limited (Resultant entity) to continue CDMO. The Company, being CDMO based operations, continue to remain as WOS for Resulting entity.

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.

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

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.

d) 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 for the year ended March 31, 2020 the allowance for bad debts was \$ Nil.

e) Investments in Affiliates

Investments in the common stock of one affiliated company is accounted for by the equity method.

f) Revenue Recognition

The Company is in the inception stage, no revenue has been generated for the year ended March 31, 2020.

g) Concentration of Credit Risk and of Significant Suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company has all cash and cash equivalents balances at an accredited financial institution, in amounts that exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. The Company has not experienced any losses in such accounts.

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

h) 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.

i) 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, 2019, are subject to examination by federal and state taxing authorities following the date of filing.

j) 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,

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

3) Equity

Suven Life Science Ltd, India has invested \$ 35.20 million as equity in the Company as of March 31, 2020.

4) Investments

The Company owns 25% of the common stock of Rising Holdings, Inc. ("Rising"), which focused on developing generic pharmaceutical products in various therapeutic categories. The Company has invested \$35 million in Rising for the year ended March 31, 2020. 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. Rising's revenues and net income for the year ended March 31, 2020 were \$272,099,351 and \$27,541,502, respectively.

5) Unsecured Loans

The Company borrowed short term unsecured loan of \$ 5 Million from third party for the purpose of investments in Rising Holdings, Inc. The loan was taken on April 12th, 2019 with 5% interest rate. The loan was paid off on March 31, 2020 with interest.

6) New Accounting Pronouncements

i) On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted.

ii) In January 2017, the FASB issued Accounting Standards Update No. 2017-01, clarifying the Definition of a Business, which clarifies and provides a more robust framework to use in determining when a set of assets and activities is a business.

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

iii) The amendments in this update should be applied prospectively on or after the effective date. This update is effective for annual periods beginning after December 15, 2017, and interim periods within those periods. Early adoption is permitted for acquisition or deconsolidation transactions occurring before the issuance date or effective date and only when the transactions have not been reported in issued or made available for issuance financial statements. The Company does not expect the adoption to have any significant impact on its Financial Statements.

iv) In January 2017, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill Impairment. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017.

7) Commitments

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

8) Subsequent Events

For the year ended March 31, 2020, the Company has evaluated subsequent events for potential recognition and disclosure through June 8, 2020, the date which the financial statements were available to be issued. No reportable subsequent events have occurred through the report date of June 8, 2020 which would have a significant effect on the financial statements as of March 31, 2020 except as otherwise disclosed.

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

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2020

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.