

SUVEN PHARMA INC

Financial Statements

March 31, 2021 and 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 sheets as of March 31, 2021 and 2020 respectively, and the related statements of income, statement of changes in stockholders' equity, and cash flows for the years 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 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, 2021 and 2020 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.

Ram Associates

Ram Associates
Hamilton, NJ

June 4, 2021

SUVEN PHARMA INC
Balance Sheets
March 31,

	2021	2020
<u>ASSETS</u>		
Current assets :		
Cash	\$ 12,687	\$ 15,996
Other current assets	-	500
Total current assets	12,687	16,496
Investments	49,224,066	41,885,376
TOTAL ASSETS	\$ 49,236,753	\$ 41,901,872
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current liabilities :		
Accounts payable	\$ 1,750	\$ -
Total current liabilities	1,750	-
Stockholder's equity:		
Common stock, par value \$0.01; 1,500 shares authorized, issued and outstanding	15	15
Additional paid-in capital	35,199,985	35,199,985
Retained earnings	14,035,003	6,701,872
Total stockholder's equity	49,235,003	41,901,872
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 49,236,753	\$ 41,901,872

- See accompanying notes to the financial statements-

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

	2021	2020
Operating Expenses		
General and administrative expenses	\$ 5,559	\$ 5,422
Operating loss before other income /(expense)	5,559	5,422
Interest expense	-	178,082
Operating loss	(5,559)	(183,504)
Other income		
Equity in income of investee	7,338,690	6,885,376
Net income	\$7,333,131	\$ 6,701,872

- See accompanying notes to the financial statements-

SUVEN PHARMA INC

Statements 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			
\$ -	\$ -	\$ -	\$ -	\$ -
1,500	15	29,999,985	-	30,000,000
-	-	5,200,000	-	5,200,000
-	-	-	6,701,872	6,701,872
1,500	\$ 15	\$ 35,199,985	\$ 6,701,872	\$ 41,901,872
-	-	-	7,333,131	7,333,131
1,500	\$ 15	\$ 35,199,985	\$ 14,035,003	\$ 49,235,003

- See accompanying notes to the financial statements-

SUVEN PHARMA INC
Statements of Cash Flows
For The Years Ended March 31,

	2021	2020
Cash flows from operating activities		
Net income	\$ 7,333,131	\$ 6,701,872
Adjustment to reconcile net income to net cash used in operating activities		
Equity in income of investee	(7,338,690)	(6,885,376)
Changes in assets and liabilities :		
(Increase) / Decrease in:		
Other current assets	500	(500)
Increase / (Decrease) in :		
Accounts payable	1,750	-
Total adjustments	(7,336,440)	(6,885,876)
Net cash used in operating activities	(3,309)	(184,004)
Cash flows from investing activities		
Increase in investments	-	(35,000,000)
Net cash used in investing activities	-	(35,000,000)
Cash flow from financing activities		
Increase in capital	-	35,200,000
Net cash provided by financing activities	-	35,200,000
Net increase/(decrease) in cash and cash equivalents	(3,309)	15,996
Cash at the beginning of the year	15,996	-
Cash at the end of the year	\$ 12,687	\$ 15,996
Supplementary disclosure of cash flows information:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	-	-

- See accompanying notes to the financial statements-

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2021

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").

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 credit risk.

SUVEN PHARMA, INC.
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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 years ended March 31, 2021 and 2020 the allowance for bad debts were \$ Nil.

e) Investments in Affiliates

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

f) Revenue Recognition

The Company has not yet commercialized any products for sale. The Company has not generated revenue for the years ended March 31, 2021 and 2020.

g) Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company has a checking account with Bank of America, Delaware. The balance in the account was \$12,687 on March 31, 2021. 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.

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

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated

SUVEN PHARMA, INC.
Notes to The Financial Statements
March 31, 2021

future tax consequences attributable to differences between financial statement carrying amounts of existing assets and fair value of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates in effect for the year in which these temporary differences are expected to be recovered or settled. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all the deferred tax assets will not be realized. As the Company has incurred net operating loss for the years ended March 31, 2021 and 2020, no provision for income tax were made.

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

k) Advertising Costs

The Company expenses advertising cost as incurred. Advertising expense for the years ended December 31, 2021 and 2020 were \$ Nil

3) Equity

Suven Pharmaceuticals Limited (f/k/s Suven Life Sciences Ltd, India) has invested \$ 35.20 million in the Company as of March 31, 2021. Consequent upon decision taken

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Notes to The Financial Statements
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by the Board of Directors of Suven Life Sciences Ltd, India, the Company was demerged to Suven Pharmaceuticals Limited, India, in accordance with the enabling provisions of Scheme of Arrangement (Demerger) approved by National Company Law Tribunal, Hyderabad Bench, India.

4) Investments

The Company owns 25% of the common stock of Rising Pharma 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, 2021. 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 net income for the years ended March 31, 2021 and 2020 were \$29,354,758 and \$27,541,502 respectively. Their assets and liabilities as of March 31,

	2021	2020
Total assets	\$244,014,162	\$242,431,037
Total liabilities	<u>(122,107,901)</u>	<u>(149,879,535)</u>
Equity	<u>\$ 121,906,261</u>	<u>\$ 92,551,502</u>

5) New Accounting Pronouncements

i) In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"), which modifies the existing disclosure requirements for fair value measurements in ASC 820. The new disclosure requirements include disclosure related to changes in unrealized gains or losses included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of each reporting period and the explicit requirement to disclose the range and weighted-average of significant unobservable inputs used for Level 3 fair value measurements. The other provisions of ASU 2018-13 include eliminated and modified disclosure requirements. For all entities, this guidance is required to be adopted for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2018-13 as of the required effective date of January 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the Company's financial statements.

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

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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.

iii) In March 2020, the FASB issued ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. This guidance is effective for all entities upon issuance on March 12, 2020 and may be applied through December 31, 2022. The expedients and exceptions in this guidance are optional, and the Company is evaluating the potential future financial statement impact of any such expedient or exception that it may elect to apply as the Company evaluates the effects of adopting this guidance on its financial statements.

6. Global Pandemic - COVID 19

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.

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7) Commitments

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

8) Litigation and Contingencies

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

9) Subsequent Events

For the year ended March 31, 2021, the Company has evaluated subsequent events for potential recognition and disclosure through June 4, 2021, the date which the financial statements were available to be issued. No reportable subsequent events have occurred through the report date of June 4, 2021 which would have a significant effect on the financial statements as of March 31, 2021 except as otherwise disclosed.