Consolidated Financial Statements and Report of Independent Certified Public Accountants

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of
Sun Pharmaceutical Holdings USA, Inc.)

March 31, 2021 and 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholder
Ranbaxy Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Ranbaxy Inc. (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheet as of March 31, 2021, and the related consolidated statements of operations, shareholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ranbaxy Inc. and subsidiaries as of March 31, 2021, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter
The consolidated financial statements of Ranbaxy Inc. and subsidiaries as of and for the year ended March 31, 2020 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2020 consolidated financial statements in their report dated July 6, 2020.

New York, New York
July 16, 2021

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATED BALANCE SHEETS

March 31,
(amounts in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 50	$ 1,131
Accounts receivable, net	5,200	9,239
Inventories, net	42,127	44,469
Allocated income taxes receivable	-	6,877
Prepaid expenses	455	792
Total current assets	47,832	62,508
Property, plant and equipment		
Land	560	560
Buildings and improvements	81,414	80,666
Equipment	115,047	112,036
Furniture and fixtures	3,755	3,559
Construction in process	3,173	6,951
Total	203,949	203,772
Less accumulated depreciation	131,522	123,671
Net property, plant and equipment	72,427	80,101
Goodwill	7,414	9,966
Deferred income taxes allocated	2,921	3,963
Total assets	$ 130,594	$ 156,538
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable - trade	$ 6,334	$ 7,468
Accrued expenses	8,935	7,915
Due to related parties	94,568	88,720
Allocated income tax payable	49	-
Total liabilities	109,886	104,103
Commitments and contingencies (Note 8)		
Shareholder's equity		
Controlling interest		
Common stock - $1,300 par value, 5,000 shares authorized and 10 shares issued and 10 shares outstanding	13,000	13,000
Additional paid-in capital	46,893	46,893
Accumulated deficit	(39,243)	(8,490)
Total controlling interest	20,650	51,403
Noncontrolling interest	58	1,032
Total shareholder's equity	20,708	52,435
Total liabilities and shareholder's equity	$ 130,594	$ 156,538

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

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended March 31,
(amounts in thousands)

	2021	2020
Sales, net	$ 94,803	$ 159,184
Research and development revenue	-	8,031
Other operating revenue	300	1,000
Total revenue	95,103	168,215
Cost of goods sold	102,152	93,083
Selling, general and administrative expenses	14,875	76,656
Research and development costs	8,432	14,565
Loss/(gain) on disposal of property, plant and equipment	(78)	36
Operating loss before income tax allocation	(30,278)	(16,125)
Allocated income tax benefit	(78)	(471)
Net loss	(30,200)	(15,654)
Net income attributable to noncontrolling interest	553	1,324
Net loss attributable to controlling interest	$ (30,753)	$ (16,978)

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

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Years ended March 31, 2021 and 2020
(in thousands except share data)

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Total Controlling Interest	Noncontrolling Interest	Total Shareholder's Equity
	Shares	Amount					
Balances, March 31, 2019	10	$ 13,000	$ 46,893	$ 8,488	$ 68,381	$ 1,568	$ 69,949
Net (loss) income	-	-	-	(16,978)	(16,978)	1,324	(15,654)
Distributions	-	-	-	-	-	(1,860)	(1,860)
Balances, March 31, 2020	10	13,000	46,893	(8,490)	51,403	1,032	52,435
Net (loss) income	-	-	-	(30,753)	(30,753)	553	(30,200)
Distributions	-	-	-	-	-	(1,527)	(1,527)
Balances, March 31, 2021	10	$ 13,000	$ 46,893	$ (39,243)	$ 20,650	$ 58	$ 20,708

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

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31,
(amounts in thousands)

	2021	2020
Cash flows from operating activities		
Net loss	$ (30,200)	$ (15,654)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	8,137	8,357
Amortization	-	1,200
Loss/(gain) on disposal of property, plant and equipment	(78)	36
Allocated deferred income taxes (benefit)	1,486	(1,591)
Changes in operating assets and liabilities		
Accounts receivable	4,039	161
Due from/to related parties	7,955	14,237
Inventories	2,342	34,268
Allocated income tax receivable	6,926	237
Prepaid expenses	337	2,736
Accounts payable	(1,133)	(32,347)
Accrued expenses	1,020	(4,023)
Net cash provided by operating activities	831	7,617
Cash flows from investing activities		
Purchases and construction of property, plant and equipment	(385)	(7,256)
Cash used in financing activities		
Distributions	(1,527)	(1,860)
Net decrease in cash and cash equivalents	(1,081)	(1,499)
Cash and cash equivalents, beginning of year	1,131	2,630
Cash and cash equivalents, end of year	$ 50	$ 1,131

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

NOTE 1 - NATURE OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Ranbaxy Inc. (“Ranbaxy”) is a wholly-owned subsidiary of Sun Pharmaceuticals Holdings USA, Inc. (“Holding”) with headquarters in Princeton, New Jersey. Ranbaxy Inc. has no operating activities. All operating activities are carried out by its subsidiaries: Ohm Laboratories, Inc., InSite Vision Incorporated and Ranbaxy Signature LLC (together, the "Company"). The subsidiaries are wholly owned, with the exception of Ranbaxy Signature LLC which is a 67.5% owned joint venture.

The Company develops, licenses, manufactures, markets and distributes over-the-counter pharmaceuticals to the nation's largest wholesalers, distributors, and warehousing and non-warehousing chain drugstores throughout the United States, Canada and Puerto Rico. The process of developing a line of proprietary drugs requires approvals by the United States Food and Drug Administration (“FDA”) of Abbreviated New Drug Applications (“ANDAs”) for generic drugs. The Company distributes various products exclusively for Sun Pharmaceutical Industries Limited (“Sun Limited”), the ultimate parent of the Company. The Company also develops ophthalmic products and a liquid form of a diabetes drug and distributes Company-owned products (those products for which the Company owns the ANDAs) manufactured in its own facilities as well as by Sun Limited and other third parties. Additionally, the Company manufactures products for parties related through common ownership and management control.

Subsidiaries of Ranbaxy Inc. include:

Ohm Laboratories, Inc. (“Ohm”) is based in New Brunswick, New Jersey, and has two manufacturing locations in New Jersey and one warehouse in New Brunswick. Ohm develops, licenses and manufactures over-the-counter pharmaceuticals.

InSite Vision Incorporated (“InSite”) develops products to treat eye problems: ocular infection, pain and inflammation from ocular surgery and glaucoma. Effective April 1, 2020, InSite was dissolved, and all the assets and liabilities were simultaneously transferred to Sun Pharmaceutical Industries, Inc. (“Sun”), a company under common control.

Ranbaxy Signature L.L.C. (“Signature”) holds the rights to a diabetic product that is marketed and distributed through Sun.

Principles of Consolidation

The consolidated financial statements, which are the responsibility of management, have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). The consolidated financial statements are prepared in the functional currency of US dollars and include the accounts of consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates. Significant estimates include, but are not limited to, realization of allocated deferred income tax assets, provisions for estimated customer returns, discounts, rebates, coupons and other price adjustments, including customer chargebacks (see "Revenue Recognition" below), valuation of inventories, determination of useful lives and potential impairment of property, plant and equipment and goodwill.

Recent Accounting Pronouncements - Not Yet Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This ASU provides guidance for recognizing credit losses on financial instruments based on an estimate of current expected credit losses model. This new standard amends the current guidance on the impairment of financial instruments and adds an impairment model known as current expected credit loss (CECL) model that is based on expected losses rather than incurred losses. Under the new guidance, an entity will recognize as an allowance its estimate of expected credit losses. The FASB subsequently issued ASU 2019-04*, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, derivatives and Hedging, and Topic 825, Financial Instruments and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses* to clarify and address certain items related to the amendments in ASU 2016-13. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim reporting periods within those fiscal years with early adoption permitted. The Company is evaluating this ASU but does not anticipate a significant impact on its consolidated financial statements based on its historical trend of bad debt expense relating to trade accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and all highly liquid investments purchased with an original maturity of three months or less. The Company invests its excess cash primarily in deposits with major banks and in other high quality short-term liquid money market investments. During the normal course of business, the Company may maintain cash on deposit in excess of federally insured limits with financial institutions.

Due to/from Related Parties

The Company enters into transactions with related parties in the normal course of business resulting in due to/from related parties on the consolidated balance sheets. These transactions bear no interest and are not collateralized. There are no specified due dates and no formal repayment terms. These transactions are classified as current in the consolidated balance sheets as they are expected to be collected/paid in the normal course of business. The related parties have agreed to offset its respective receivable and payable balances and, accordingly, the resulting net payables have been included under due to related parties on the consolidated balance sheets as of March 31, 2021 and 2020.

Revenue Recognition

Revenue from product sales is recognized only when: the parties to the contract have approved it and are committed to performing their respective obligation, the Company can identify each party's rights regarding

the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for fulfilling performance obligations upon transfer of control to the customer, excluding amounts collected on behalf of other third parties and sales taxes.

The amount of consideration the Company expects to be entitled varies as a result of rebates, chargebacks, returns, and other sales reserves and allowances the Company offers its customers and their customers, as well as the occurrence or nonoccurrence of future events, including milestone events. A minimum amount of variable consideration is recorded concurrently with the satisfaction of performance obligations to the extent that it is probably that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimates of variable consideration are based on historical experience and the specific terms in the individual agreements (which management believes approximates expected value). Rebates and chargebacks are the largest components of sales reserves and allowances. For further description of sales reserves and allowances and how they are estimated, see "Allowances for Sales Adjustments" below.

Shipping and handling costs are considered to be a fulfillment cost. These costs are included in selling, general and administrative expenses and amounted to $1,222 and $1,378 in fiscal 2021 and fiscal 2020, respectively.

The Company does not adjust the promised consideration for the effects of a significant financing component as it is expected, at contract inception, that the period between the transfer of the promised goods or services to the customer and the time the customer pays for these goods or services to be generally one year or less. The Company's credit terms to customers are in average between 60 and 90 days.

Customers consist primarily of large pharmaceutical wholesalers who sell directly into the retail channel, chain drug stores, distributors, and managed care customers.

Revenue from the sales of goods, including sales to wholesalers, is recognized when the customer obtains control of the product. This generally occurs when the products are received by the customers and they obtain the risks and rewards of ownership and the Company has a right to payment.

The Company makes sales of products under various marketing and distribution agreements. The Company recognizes revenue from such sales in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606-10-55-37, *Principal versus Agent Considerations*. Management has evaluated the various indicators described under this guidance and has determined that such revenues should be considered on a gross reporting basis. The factors include the following, which led management to make such determination: (1) the title of the goods have been transferred to the Company and the Company assumes all general inventory risks; (2) the Company is responsible for fulfilling the promise to provide the specified goods to customers; and (3) the Company has discretion in establishing the prices for the specific goods.

Revenue from royalties promised in exchange for a license of Intellectual property is recognized only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, has been satisfied. Revenues from licensing arrangements included royalty

income of $300 and $243 in fiscal 2021 and fiscal 2020, respectively, and are included in "Other operating revenue" on the consolidated statements of operations.

InSite performs research and development activities on behalf of Sun Limited. These activities are undertaken with the prospect of gaining new scientific or technical knowledge and to plan or design for the production of new or substantially improved products or processes. Revenue related to these activities is recognized when the performance obligations outlined by Sun Limited are fulfilled. The Company manufactures exhibit batches for Sun Limited and also provides business support services to Sun Limited and Ranbaxy Canada (a party related through ultimate common ownership). The Company recovers the cost of manufacturing exhibit batches and the cost of services plus an agreed-upon markup pursuant to the terms of the respective agreements. These revenues amounted to $0 and $8,031 for fiscal 2021 and fiscal 2020, respectively and were presented as "Research and development revenue" in the consolidated statements of operations.

Contract liabilities are mainly comprised of deferred revenues. When the Company receives advance payments from customers for the sale of products, such payments are deferred and reported as advances from customers until all conditions for revenue recognition are met. These amounts are $0 at March 31, 2021 and 2020.

Allowances for Sales Adjustments

Variable consideration includes sales reserves and allowances. Chargebacks, customer rebates, shelf stock adjustments and sales discounts are netted against trade receivables. Sales returns, Medicaid and Medicare rebates, managed care rebates, and patient coupons are recorded within accrued expenses on the consolidated balance sheets. The Company recognizes these provisions at the time of the sale and adjusts them if the actual amounts differ from the estimated provisions. The following briefly describes the nature of each deduction and how the provisions are estimated:

Chargebacks

Chargebacks represent the Company's most significant provision against gross accounts receivable and related reduction to gross sales revenue. Chargebacks are retroactive credits given to wholesale customers that represent the difference between the lower price they sell (contractual price) to retail, chain stores, and managed care organizations and what the Company charges the wholesaler. The Company estimates chargebacks at the time of sale to their wholesale customers. Wholesaler customers who submit chargebacks to the Company do not reference a specific invoice that the chargeback is related to when the chargeback is submitted to the Company. Thus, the Company cannot determine the specific period to which the wholesaler's chargeback relates.

The Company considers the following factors in the determination of the estimates of sales chargebacks:

1) The historical data of chargebacks as a percentage of sales, as well as actual chargeback reports received from primary wholesaler customers.

2) Volume of all products sold to wholesaler customers and the average chargeback rates for the current quarter as compared to the previous quarter and compared to the last six-month period.

3) The sales trends and future estimated prices of products, wholesale acquisition cost, the contract prices with the retailers, chain stores, managed care organizations (end-users), and wholesaler customer's contract prices.

4) The Company utilizes data on remaining inventories on hand at primary wholesaler customers at the end of each reporting period in the calculation of estimates.

Shelf Stock Adjustments

General practices within the pharmaceutical industry include granting customers a shelf stock adjustment based on the customers' existing inventory and decreases in the market price of the related product. The most significant of these adjustments relate to products for which an exclusivity period exists.

Management considers the following factors when recording an allowance for shelf stock adjustments: 1) estimated launch dates of competing products based on market intelligence; 2) estimated decline in market price of products based on historical experience and input from customers; and 3) levels of inventory held by customers at the date of the pricing adjustments.

Rebates

Customer rebates are estimated at the end of every reporting period, based on direct or indirect purchases. If the purchases are direct (purchases made by end use customers directly from the Company), the rebates are recognized when products are purchased and a periodic credit is given. For indirect purchases (purchases by end use customers through wholesale customers), the rebates are recognized based on the terms with such customer.

Medicaid and Other Governmental Rebates

Medicaid rebates are earned by states based on the amount of the Company’s products dispensed under the Medicaid plan. Medicaid rebates are principally comprised of amounts due under U.S. Government pricing programs such as Medicaid, Medicare and Tricare (Department of Veteran Affairs). These rebates have been estimated as per the stipulated regulations and prescribed guidelines, which consider the calculation of the average manufacturers' price, historical data the Company receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant, and fluctuations in sales volumes.

Product Returns

In the pharmaceutical industry, customers are normally granted the right to return product for credit, or replacement with fresh product, if the product has not been used prior to its expiration date. The Company's return policy typically allows product returns for products within a 12-month window from six months prior to the expiration date and up to six months after the expiration date. The Company estimates the level of sales that will ultimately be returned, pursuant to its return policy, and records a related allowance at the time of sale. These amounts are deducted from its gross sales to determine net sales. These estimates take into consideration historical returns of the products and the Company's future expectations. The Company periodically reviews the allowances established for returns and adjusts them based on actual experience, as necessary. The primary factors considered in estimating its potential product returns include shelf life of expiration date of each product and historical levels of expired product returns. If the Company becomes aware of any returns due to product quality related issues, this information is used to estimate an additional allowance. The Company provides for an allowance related to returns resulting from product recalls, in the period that such recalls occur. The amount of actual product return could be either higher or lower than the amounts provided. Changes in these estimates, if any, would be recorded in the income statement in the period the change is determined. If the Company over or under estimates the quantity of product that will ultimately be returned, there may be a material impact to its consolidated financial statements.

Cash Discounts

Cash discounts percentage are provided for paying the invoice amount before the scheduled due date. The discount percentage ranges are 1% through 3% with substantially all customers receiving the 2% rate.

Allowance for Doubtful Accounts

Doubtful accounts are estimated based on the data available from external sources, including information obtained related to the financial condition of customers. Delinquent accounts are reviewed by management on a quarterly basis, to identify and record allowances, as considered necessary, for accounts receivable not expected to be recoverable. The Company concluded, based on management assessment, that an allowance for doubtful accounts is not considered necessary at March 31, 2021 or 2020.

Accounts Receivable

The Company sells its products using customary trade terms; the resulting accounts receivable are unsecured. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after the Company has attempted reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Accounts receivable totaled $5,200 and $9,239, at March 31, 2021 and 2020, respectively.

Inventories

Inventories, which consist of raw materials, goods in transit and finished goods, as well as work-in-process, are stated at the lower of cost, determined using the moving average method, or net realizable value. The Company analyzes its inventory levels quarterly and writes down any inventory that has become obsolete and inventory that has a cost basis in excess of its expected net realizable value. Expired inventory is disposed of and the related costs are expensed when incurred. Materials acquired for research and development on products yet to be launched are written off in the year of acquisition. Inventory includes material purchased related to products for which the Company has filed ANDAs with the FDA, and the commercial launch of such products will commence once the approvals are received. The determination of whether or not inventory costs will be realizable requires estimates by management. A critical estimate in this determination is the estimate of the future expected inventory requirements, whereby the Company compares its internal sales forecasts to inventory on hand. Actual results may differ from those estimates and additional inventory write-offs may be required. The Company must also make estimates about the amount of manufacturing overhead to allocate to its finished goods and work in process inventories. Although the manufacturing process is generally similar for its products, the Company must make judgments as to the portion of costs to allocate to purchased product, work in process and finished goods, and such allocations can vary based upon the composition of these components and the fact that each product does not necessarily require the same amount of time or effort for the same production step. Accordingly, the assumptions made can impact the value of reported inventories and cost of sales. For inventories related to distributed products, the Company absorbs losses of obsolesce or expiries, however, if mutually agreed upon and in specific circumstances (like inventory built up on launch of new products), the Company recovers the cost from suppliers. The Company incurs costs related to non-supply of products it has committed to sell to its customers as per the contracts it has entered with these customers. As mutually agreed, the Company recovers certain of these costs from its suppliers.

(amounts in thousands)

Property, Plant and Equipment and Depreciation

Property, plant and equipment is carried at cost less accumulated depreciation, which for property and equipment acquired in business acquisitions approximates the fair value determined at the acquisition date. Land is carried at cost. Construction in process is carried at cost until such time the associated asset(s) is placed into service. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Asset Category	No. of Years
Buildings	39
Leasehold improvements on building	Shorter of term or useful lives
Plant and equipment	7 or 8
Computer equipment	3
Office equipment	7 or 8
Furniture and fixtures	8

Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets for impairment. The Company concluded, based on management's assessment, that there was no impairment at March 31, 2021 or 2020.

Depreciation expense was $8,137 and $8,357 in Fiscal 2021 and Fiscal 2020, respectively.

Research and Development Costs

Research and development costs settled in cash are charged to expense as incurred. Capital expenditures incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses are capitalized as tangible assets when acquired or constructed. The Company has not incurred any non-cash research and development costs during the fiscal years ended March 31, 2021 and 2020.

Goodwill

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations. Goodwill is tested annually for impairment or more frequently if events or circumstances indicate that the asset might be impaired. The Company concluded, based on management's assessment, that there was no impairment at March 31, 2021 or 2020.

Allocation of Income Taxes

The Company is party to a tax sharing arrangement with an affiliate related through common ownership and management control (Note 5) and reports allocated income taxes in these consolidated financial statements using the separate return method. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and federal income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. In concluding that it is more-likely-than-not that the Company's deferred tax assets will be realized, the Company evaluates both positive and negative evidence regarding the future utilization of these assets. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

(amounts in thousands)

Income tax expense is the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

NOTE 2 - ACCOUNTS RECEIVABLE, NET

Accounts receivable and related valuation allowances are summarized as follows at March 31:

	2021	2020
Accounts receivable	$ 8,999	$ 12,408
Valuation allowances		
Chargebacks and shelf stock adjustments	2,015	1,840
Direct and indirect rebates (includes administrative fees, service fees and related allowances, etc.)	1,554	1,004
Cash discounts	236	325
Other concessions	(6)	-
Total valuation allowances	3,799	3,169
Accounts receivable, net	$ 5,200	$ 9,239

NOTE 3 - INVENTORIES (INCLUDING RELATED PARTY ACTIVITY)

Inventories consist of the following components at March 31:

	2021	2020
Raw materials	$ 41,920	$ 46,748
Work in process	18,130	13,327
Goods in transit (distributed products)	576	5
Finished goods (company-owned products)	13,141	13,072
	73,767	73,152
Less: allowance for inventory reserve	(31,640)	(28,683)
Inventories, net	$ 42,127	$ 44,469

The principal components used in the Company's business are active and inactive pharmaceutical ingredients and certain packaging materials. While some of these components are purchased from single sources, the majority of the components have an alternate source of supply available. Because the FDA approval process requires manufacturers to specify their proposed supplier of components in their applications, FDA approval of a new supplier would be required if components were no longer available from the specified suppliers. Also, a major component of the Company’s inventory includes purchased finished goods for distribution under various marketing agreements.

(amounts in thousands)

NOTE 4 - ACCRUED EXPENSES

Accrued expenses consist of the following amounts at March 31:

	2021	2020
Employee-related benefits	$ 8,132	$ 6,986
Medicaid rebates	587	261
Royalties and profit sharing	207	446
Other	9	222
Total	$ 8,935	$ 7,915

NOTE 5 - ALLOCATION OF INCOME TAXES

The allocation of income tax benefit consists of the following components for the years ended March 31:

	2021	2020
Current expense (benefit)	$ (1,564)	$ 1,120
Deferred (benefit) expense	1,486	(1,591)
Total allocation of income tax benefit	$ (78)	$ (471)

The allocation of income taxes is different from that which would be obtained by applying the statutory federal income tax rate to the net loss before income taxes. The items causing the difference are summarized as follows for the years ended March 31:

	2021	2020
Federal tax benefit at statutory rate, 21%	$ (6,364)	$ (3,386)
State income taxes (benefit), net of federal benefit	5,547	2,143
Other	739	772
Total allocation of income tax benefit	$ (78)	$ (471)

The Company has a tax sharing arrangement with an affiliate related through common ownership and management control. The agreement, among other stipulations, states that a consolidated federal income tax return will be filed, and that the affiliate will pay/receive monies due to/from the Company based on the Company's separate taxable results.

As of March 31, 2021, and 2020, the Company’s deferred tax assets were primarily the result of the timing of the recognition of expenses related to fixed asset depreciation, investments, federal and state net operating losses, intangibles, inventory and timing differences of certain accruals and reserves. As of each reporting date, the Company’s management considers new evidence, both positive and negative, that could impact management’s view with regard to future realization of deferred tax assets. As of March 31, 2021, and 2020, the Company continued to maintain that the realization of its deferred tax assets has a more likely- than-not threshold. Therefore, at March 31, 2021, the Company has no valuation allowance against its deferred tax assets.

Management analyzed the Company's filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years (fiscal 2019 to 2021) in these jurisdictions. The Company believes that no adjustments for unrecognized tax benefits or liabilities are necessary as a result of this analysis. The Company reports interest and penalties attributable to income taxes to the extent they arise, as a component of its administrative expenses.

NOTE 6 - RETIREMENT PLAN

Each entity within the Company maintains a deferred compensation plan qualified under Section 401(k) of the Internal Revenue Code ("IRC"). Under these plans, eligible employees are permitted to contribute up to the maximum allowable amount determined by the IRC. The Company may make discretionary matching and profit sharing contributions under the provisions of these plans. The Company made contributions in the amounts of $1,213 and $1,042 to the plans for fiscal 2021 and fiscal 2020, respectively.

NOTE 7 - SALES CONCENTRATIONS

Major Customers

Shipments to seven customers, including two wholesalers, accounted for approximately 68% and 75% of Ohm sales to third parties for fiscal 2021 and 2020, respectively. Balances due from these customers (gross outstanding amounts) represented approximately 76% and 84% of gross accounts receivable at March 31, 2021 and 2020, respectively. As is typical in the U.S. retail sector, many of the Company's customers are serviced through their designated wholesalers. Of the sales made to wholesalers, the majority include sales for various customers of the Company that have underlying direct contracts with the Company that are facilitated through such wholesale customers. No other single customer accounted for more than 10% of Ohm's sales for fiscal 2021 or fiscal 2020. The loss of any of these customers would have a materially adverse effect on short-term operating results.

InSite performs research and development activities on behalf of Sun Limited. Signature has no customer concentration.

Major Products

Shipments of five products accounted for 78% and 87% of sales to third parties for fiscal 2021 and fiscal 2020, respectively.

NOTE 8 - COMMITMENTS, CONTINGENCIES, AND OTHER MATTERS

Litigation

The Company is involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to the conduct of its business. Most of the legal proceedings involve complex issues, which are specific to the case and do not have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors including: the stage of the proceedings and the overall length and the discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other

parties to the litigation and any other factors that may have a material effect on the litigation. Management makes an assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, generally would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different from those claimed by plaintiffs. Some of the legal claims against the Company, if decided against the Company, may result in a material impact on consolidated results of operations or cash flows of a given period during which the claim is settled.

Product Liability and Insurance

The Company currently maintains a product liability insurance policy, which provides coverage on a claims made basis and is subject to annual renewal. In addition, the Company maintains policies for property, workers' compensation and officers' and directors' liability and other general liability claims. There can be no assurance that the coverage limits of these policies will be adequate to cover the Company's liabilities, should they occur, or that such insurance may not be available in the future on acceptable terms or at all.

Antitrust - Ranbaxy Generic Drug Application

Sun Limited and certain US subsidiaries are a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in the U.S. alleging that the defendant violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the U.S. District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery. The parties' class certification motions currently are pending before the court and have not yet been resolved. This lawsuit is currently scheduled for trial in January 2022.

Economic Uncertainty

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Many United States governors issued temporary executive orders that, among other stipulations, effectively prohibit in-person work activities for most industries and businesses, having the effect of suspending or severely curtailing operations. The extent of the ultimate impact of the pandemic on the Company's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on customers, employees, and vendors, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to negatively impact the Company's consolidated financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

(amounts in thousands)

NOTE 9 - RELATED PARTY TRANSACTIONS INCLUDING NONCASH CAPITAL CONTRIBUTION

The Company conducts business with affiliates related through common ownership and management control, which involves the selling and purchasing of goods and cross utilization of resources. The following is a summary of the transactions and year-end balances with these affiliates as of and for the years ended March 31:

	2021	2020
Due to related parties	$ 94,568	$ 88,720
Revenue recognized	46,540	105,863
Inventory purchases	12,495	6,352
Allocated income taxes receivable	-	6,877
Allocated income taxes payable	49	-
Allocated income tax benefit	(78)	(471)

NOTE 10 - SUBSEQUENT EVENTS

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2021, the most recent consolidated balance sheet presented herein, through July 16, 2021, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

SUPPLEMENTARY CONSOLIDATING INFORMATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY CONSOLIDATING INFORMATION

Board of Directors and Shareholder
Ranbaxy Inc. and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Ranbaxy Inc. (a Delaware corporation) and subsidiaries as of and for the year ended March 31, 2021, and our report thereon dated July 16, 2021 expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on these consolidated financial statements as a whole.

The accompanying consolidating information is presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other matter
The consolidated financial statements of Ranbaxy Inc. and subsidiaries as of and for the year ended March 31, 2020 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2020 consolidated financial statements in their report dated July 6, 2020. Those auditors' report also stated that the supplementary consolidating information as of and for the year ended March 31, 2020 was fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

New York, New York
July 16, 2021

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING BALANCE SHEET

March 21, 2021
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ -	$ 50	$ -	$ 50
Accounts receivable, net	-	5,200	-	-	5,200
Inventories	-	42,127	-	-	42,127
Prepaid expenses	-	455	-	-	455
Total current assets	-	47,782	50	-	47,832
Property, plant and equipment					
Land	-	560	-	-	560
Buildings and improvements	4,577	76,837	-	-	81,414
Equipment	5,372	109,675	-	-	115,047
Furniture and fixtures	1,384	2,371	-	-	3,755
Construction in process	45	3,128	-	-	3,173
Total	11,378	192,571	-	-	203,949
Less accumulated depreciation	4,002	127,520	-	-	131,522
Net property, plant and equipment	7,376	65,051	-	-	72,427
Investments	23,893	-	-	(23,893)	-
Goodwill	-	7,414	-	-	7,414
Deferred income taxes allocated	(59)	2,980	-	-	2,921
Total assets	$ 31,210	$ 123,227	$ 50	$ (23,893)	$ 130,594

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING BALANCE SHEET - CONTINUED

March 21, 2021
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Accounts payable - trade	$ 567	$ 5,767	$ -	$ -	$ 6,334
Accrued expenses	425	8,510	-	-	8,935
Due to related parties	9,568	98,339	(13,282)	(57)	94,568
Income tax payable	-	49	-	-	49
Total liabilities	10,560	112,665	(13,282)	(57)	109,886
Shareholder's equity					
Controlling interest					
Common stock	13,000	239	-	(239)	13,000
Additional paid-in capital	46,893	18,453	-	(18,453)	46,893
(Accumulated deficit) retained earnings	(39,243)	(8,130)	-	8,130	(39,243)
Total controlling interest	20,650	10,562	-	(10,562)	20,650
Members' equity	-	-	13,274	(13,274)	-
Noncontrolling interest	-	-	58	-	58
Total shareholder's/members' equity (deficit)	20,650	10,562	13,332	(23,836)	20,708
Total liabilities and shareholder's equity	$ 31,210	$ 123,227	$ 50	$ (23,893)	$ 130,594

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING BALANCE SHEET

March 21, 2020
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	InSite Vision Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
ASSETS						
Current assets						
Cash and cash equivalents	$ (916)	$ (597)	$ 2,595	$ 49	$ -	$ 1,131
Accounts receivable, net	-	9,239	-	-	-	9,239
Inventories	-	44,405	-	64	-	44,469
Allocated income tax receivable (payable)	4,732	3,531	(1,386)	-	-	6,877
Prepaid expenses	-	449	343	-	-	792
Total current assets	3,816	57,027	1,552	113	-	62,508
Property, plant and equipment						
Land	-	560	-	-	-	560
Buildings and improvements	4,577	76,089	-	-	-	80,666
Equipment	5,372	106,664	-	-	-	112,036
Furniture and fixtures	1,384	2,175	-	-	-	3,559
Construction in process	55	6,896	-	-	-	6,951
Total	11,388	192,384	-	-	-	203,772
Less accumulated depreciation	3,016	120,655	-	-	-	123,671
Net property, plant and equipment	8,372	71,729	-	-	-	80,101
Investment in unconsolidated subsidiaries	44,775	-	-	-	(44,775)	-
Goodwill	-	7,414	2,552	-	-	9,966
Allocated deferred income taxes	1,806	2,601	(444)	-	-	3,963
Total assets	$ 58,769	$ 138,771	$ 3,660	$ 113	$ (44,775)	$ 156,538

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING BALANCE SHEET - CONTINUED

March 21, 2020
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	InSite Vision Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
LIABILITIES AND SHAREHOLDER'S EQUITY						
Current liabilities						
Accounts payable - trade	$ 638	$ 5,443	$ 1,387	$ -	$ -	$ 7,468
Accrued expenses	539	7,163	213	-	-	7,915
Due to related parties	6,189	87,630	7,945	(13,044)	-	88,720
Total liabilities	7,366	100,236	9,545	(13,044)	-	104,103
Shareholder's equity						
Controlling interest						
Common stock	13,000	239	-	-	(239)	13,000
Additional paid-in capital	46,893	18,453	-	-	(18,453)	46,893
(Accumulated deficit) retained earnings	(8,490)	19,843	(5,885)	-	(13,958)	(8,490)
Total controlling interest	51,403	38,535	(5,885)	-	(32,650)	51,403
Members' equity	-	-	-	12,125	(12,125)	-
Noncontrolling interest	-	-	-	1,032	-	1,032
Total shareholder's/members' equity (deficit)	51,403	38,535	(5,885)	13,157	(44,775)	52,435
Total liabilities and shareholder's equity	$ 58,769	$ 138,771	$ 3,660	$ 113	$ (44,775)	$ 156,538

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended March 21, 2021
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
Sales, net	$ -	$ 92,395	$ 2,408	$ -	$ 94,803
Research and development revenue	-	-	-	-	-
Other operating revenue	-	300	-	-	300
Total revenue	-	92,695	2,408	-	95,103
Cost of goods sold	-	102,052	100	-	102,152
Selling, general and administrative expenses	3,321	10,948	606	-	14,875
Research and development costs	-	8,432	-	-	8,432
Loss on disposal of property, plant and equipment	-	(78)	-	-	(78)
Operating (loss) income	(3,321)	(28,659)	1,702	-	(30,278)
Other expense					
Equity in losses from unconsolidated subsidiaries	26,824	-	-	(26,824)	-
(Loss) income before income tax allocation	(30,145)	(28,659)	1,702	26,824	(30,278)
Allocated income tax benefit	608	(686)	-	-	(78)
Net (loss) income	(30,753)	(27,973)	1,702	26,824	(30,200)
Net income attributable to noncontrolling interest	-	-	553	-	553
Net (loss) income attributable to controlling interest	$ (30,753)	$ (27,973)	$ 1,149	$ 26,824	$ (30,753)

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended March 21, 2020
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	InSite Vision Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
Sales, net	$ -	$ 152,038	$ -	$ 7,146	$ -	$ 159,184
Research and development revenue	-	-	8,031	-	-	8,031
Other operating revenue	-	-	1,000	-	-	1,000
Total revenue	-	152,038	9,031	7,146	-	168,215
Cost of goods sold	-	92,657	-	426	-	93,083
Selling, general and administrative expenses	3,182	70,827	-	2,647	-	76,656
Research and development costs	-	6,549	8,016	-	-	14,565
Loss on disposal of property, plant and equipment	-	10	26	-	-	36
Operating (loss) income	(3,182)	(18,005)	989	4,073	-	(16,125)
Other expense						
Equity in losses from unconsolidated subsidiaries	(13,235)	-	-	-	13,235	-
(Loss) income before income tax allocation	(16,417)	(18,005)	989	4,073	13,235	(16,125)
Allocation of income taxes (benefit)	561	(681)	(351)	-	-	(471)
Net (loss) income	(16,978)	(17,324)	1,340	4,073	13,235	(15,654)
Net income attributable to noncontrolling interest	-	-	-	1,324	-	1,324
Net (loss) income attributable to controlling interest	$ (16,978)	$ (17,324)	$ 1,340	$ 2,749	$ 13,235	$ (16,978)

Ranbaxy Inc. and Subsidiaries
(a wholly owned subsidiary of Sun Pharmaceutical Holdings USA, Inc.)

CONSOLIDATING STATEMENTS OF SHAREHOLDER'S EQUITY

Years ended March 31, 2021 and 2020
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
Balances, March 31, 2019	$ 68,381	$ 55,859	$ 10,944	$ (65,235)	$ 69,949
Net (loss) income	(16,978)	(17,324)	4,073	14,575	(15,654)
Distributions	-	-	(1,860)	-	(1,860)
Balances, March 31, 2020	51,403	38,535	13,157	(50,660)	52,435
Net (loss) income	(30,753)	(27,973)	1,702	26,824	(30,200)
Distributions		-	(1,527)		(1,527)
Balances, March 31, 2021	$ 20,650	$ 10,562	$ 13,332	$ (23,836)	$ 20,708