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, 2022 and 2021

Contents

Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholder
Ranbaxy Inc.

Opinion

We have audited the consolidated financial statements of Ranbaxy Inc. (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the related consolidated statements of operations, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 US GAAS 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

New York, New York
June 30, 2022

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

CONSOLIDATED BALANCE SHEETS

March 31,
(amounts in thousands)

	2022	2021
ASSETS		
Current assets		
Cash	$ 48	$ 50
Accounts receivable, net	9,410	5,200
Inventories, net	49,915	42,127
Prepaid expenses	678	455
Total current assets	60,051	47,832
Property, plant and equipment		
Land	560	560
Buildings and improvements	81,414	81,414
Equipment	116,454	115,047
Furniture and fixtures	3,755	3,755
Construction in process	5,803	3,173
Total	207,986	203,949
Less: accumulated depreciation	138,517	131,522
Net property, plant and equipment	69,469	72,427
Goodwill	7,414	7,414
Deferred income taxes allocated	64,076	2,921
Total assets	$ 201,010	$ 130,594
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable - trade	$ 7,123	$ 6,334
Accrued expenses	286,514	8,935
Due to related parties	137,488	94,568
Allocated income tax payable	-	49
Total liabilities	431,125	109,886
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	(290,008)	(39,243)
Total controlling interest	(230,115)	20,650
Noncontrolling interest	-	58
Total shareholder's equity	(230,115)	20,708
Total liabilities and shareholder's equity	$ 201,010	$ 130,594

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

Ranbaxy Inc. and Subsidiaries
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CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended March 31,
(amounts in thousands)

	2022	2021
Sales, net	$ 100,100	$ 94,803
Other operating revenue	-	300
Total revenue	100,100	95,103
Cost of goods sold	127,770	102,152
Selling, general and administrative expenses	278,629	14,875
Research and development costs	5,191	8,432
Gain on disposal of property, plant and equipment	(61)	(78)
Operating loss before income tax allocation	(311,429)	(30,278)
Allocated income tax benefit	(61,159)	(78)
Net loss	(250,270)	(30,200)
Net income attributable to noncontrolling interest	495	553
NET LOSS ATTRIBUTABLE TO CONTROLLING INTEREST	$ (250,765)	$ (30,753)

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, 2022 and 2021
(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, 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
Net (loss) income	-	-	-	(250,765)	$ (250,765)	495	(250,270)
Distributions	-	-	-	-	-	(553)	(553)
Balances, March 31, 2022	$ 10	$ 13,000	$ 46,893	$ (290,008)	$ (230,115)	$ -	$ (230,115)

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)

	2022	2021
Cash flows from operating activities:		
Net loss	$ (250,270)	$ (30,200)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	7,848	8,137
Gain on disposal of property, plant and equipment	(61)	(78)
Allocated deferred income taxes (benefit)	(61,155)	1,486
Changes in operating assets and liabilities:		
Accounts receivable	(4,210)	4,039
Due from/to affiliates	42,920	7,955
Inventories	(7,788)	2,342
Allocated income tax receivable	(49)	6,926
Prepaid expenses	(223)	337
Accounts payable	789	(1,133)
Accrued expenses	277,579	1,020
Net cash provided by operating activities	5,380	831
Cash flows from investing activity:		
Purchases and construction of property, plant and equipment	(4,829)	(385)
Cash used in financing activity:		
Distributions	(553)	(1,527)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2)	(1,081)
Cash and cash equivalents, beginning of year	50	1,131
Cash and cash equivalents, end of year	$ 48	$ 50

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 is wholly owned and Ranbaxy Signature LLC is a 67.5% 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.

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.

Ranbaxy Signature L.L.C. ("Signature") holds the rights to a diabetic product that is marketed and distributed through Sun Pharmaceutical Industries Inc.

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 U.S. dollars and include the accounts of consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform ("ASU 2020-04"). ASU 2020-04 provides optional guidance for a limited period of time to ease potential accounting impact associated with transitioning away from reference rates that are expected to be discontinued, such as the London Interbank Offered Rate ("LIBOR"). The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The amendments in ASU 2020-04 can be adopted as of March 12, 2020 and are effective through December 31, 2022. However, it cannot be applied to contract modifications that occur after December 31, 2022. The London Interbank Offered Rate (LIBOR) is expected to be phased out at the end 2021. The company does not currently have any contracts that have been changed to a new reference rate, but will continue to evaluate our contracts and the effects of this standard on our consolidated financial statements prior to adoption.

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, 2022 and 2021.

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 $3,566 and $1,222 in fiscal 2022 and 2021, 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 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 $0 and $300 in fiscal 2022 and 2021, respectively, and are included in "Other operating revenue" on the consolidated statements of operations.

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, 2022 or 2021.

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 $9,410 and $5,200, at March 31, 2022 and 2021, 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	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, 2022 or 2021.

Depreciation expense was $7,848 and $8,137 in fiscal 2022 and 2021, 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, 2022 and 2021.

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, 2022 or 2021.

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. 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.

(amounts in thousands)

NOTE 2 - ACCOUNTS RECEIVABLE, NET

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

	2022	2021
Accounts receivable	$ 12,516	$ 8,999
Valuation allowances		
Chargebacks and shelf stock adjustments	1,670	2,015
Direct and indirect rebates (includes administrative fees, service fees and related allowances, etc.)	1,158	1,554
Cash discounts	278	236
Other concessions	-	(6)
Total valuation allowances	3,106	3,799
Accounts receivable, net	$ 9,410	$ 5,200

NOTE 3 - INVENTORIES

Inventories consist of the following components at March 31:

	2022	2021
Raw materials	$ 46,933	$ 41,920
Work in process	13,922	18,130
Goods in transit (distributed products)	1,517	576
Finished goods (company-owned products)	13,030	13,141
	75,402	73,767
Less: allowance for inventory reserve	(25,487)	(31,640)
Inventories, net	$ 49,915	$ 42,127

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:

	2022	2021
Legal settlement	$ 275,270	$ -
Employee-related benefits	9,152	8,132
Medicaid rebates	1,801	587
Royalties and profit sharing	291	207
Others	-	9
Total	$ 286,514	$ 8,935

NOTE 5 - ALLOCATION OF INCOME TAXES

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

	2022	2021
Current expense (benefit)	$ -	$ (1,564)
Deferred (benefit) expense	(61,159)	1,486
Total allocation of income tax benefit	$ (61,159)	$ (78)

For the years ended March 31, 2022 and 2021, the effective tax rate differs from the U.S. Federal Statutory Rate of 21% due to state and local taxes and other permanent differences.

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, 2022, and 2021, the Company's deferred tax assets were primarily the result of the timing of the recognition of expenses related to fixed asset depreciation, 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, 2022, and 2021, the Company continued to maintain that the realization of its deferred tax assets has a more- likely-than-not threshold. Therefore, at March 31, 2022, 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 2020 to 2022) 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 $1,211 and $1,213 to the plans for fiscal 2022 and 2021, respectively.

NOTE 7 - SALES CONCENTRATIONS

Major Customers

Shipments to seven customers, including two wholesalers, accounted for approximately 29% and 68% of Ohm sales to third parties for fiscal 2022 and 2021, respectively. Balances due from these customers (gross outstanding amounts) represented approximately 45% and 76% of gross accounts receivable at March 31, 2022 and 2021, 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 2022 or 2021. The loss of any of these customers would have a materially adverse effect on short-term operating results.

Signature has no customer concentration.

Major Products

Shipments of five products accounted for 45% and 42% of sales to third parties for fiscal 2022 and 2021, respectively.

NOTE 8 - COMMITMENTS, CONTINGENCIES, AND OTHER MATTERS

Litigation

The Company and/or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, antitrust and other legal and regulatory matters relating to the conduct of its business. Some of the key matters are discussed below. 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. The Company makes its 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, 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 significant impact on its results of operations for a given period during which the claim is settled.

Antitrust - Generic Drug Price Fixing Litigation

On April 1, 2016, subsidiaries in United States of America ("US subsidiaries") separately received a grand jury subpoena from the United States Department of Justice, Antitrust Division, seeking documents relating to corporate and employee records, certain generic pharmaceutical products and pricing, potential communications with competitors and others regarding the sale of generic pharmaceutical products, and certain other related matters. On or before November 2017, the US subsidiaries provided documents and information related to three pharmaceutical products. The Antitrust Division has not asked for any additional information from US subsidiaries, or communicated with US subsidiaries, about its subpoena since that time.

On April 30, 2018, US subsidiaries separately has received a Civil Investigative Demand ("CID") from the U.S. Department of Justice in connection with a False Claims Act investigation, seeking information relating to corporate and employee records, certain generic pharmaceutical products and pricing, potential communications and certain other related matters. In response to the CID, US subsidiaries provided certain materials to the Civil Division in 2018. The Civil Division has not asked for any additional information from US subsidiaries, or communicated with US subsidiaries, about the subpoena since that time.

Opioids

US subsidiaries are defendants in the National Prescription Opiate Litigation that has been consolidated for pre-trial proceedings in the U.S. District Court for the Northern District of Ohio, as well as in state cases pending in Utah state court; Sun, Sun Limited, and Ranbaxy are also named as defendants in two individual personal injury complaints filed in West Virginia state court in March 2022; separately, Sun Limited and Sun Pharmaceuticals Canada are defendants in putative class actions pending in Canada. The U.S. and Canadian matters involve similar allegations and were brought against various manufacturers and distributors of opioid products seeking damages for alleged harms related to opioid use. Currently, all matters against US subsidiaries in the National Prescription Opiate Litigation are stayed; US subsidiaries obtained an order in the Utah matters dismissing all claims except public nuisance and negligence claims; and the Canadian matters are in the early stages of pleading.

Antitrust - Modafinil

Sun Limited and US subsidiaries were a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer, in the U.S. alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the U.S. District Court for the Eastern District of Pennsylvania for coordinated proceedings and, subsequently, the Company reached settlements in these coordinated federal proceedings. A follow-on action was filed by the state of Louisiana, which was dismissed by the trial court in December 2016. On February 8, 2018, the appellate court dismissed Louisiana's appeal, ruling that the trial court's orders did not constitute final appealable judgments. Since that time, the matter has remained dormant and Louisiana has not moved the district court to amend the order.

Antitrust - Lipitor

Sun Limited and 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 Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the U.S. District Court for the District of New Jersey for coordinated proceedings. Discovery commenced in January 2020 but was stayed in March 2020 pending mediation.

(amounts in thousands)

Pursuant to the mediator's order of June 3, 2021, briefing on certain issues was completed by March 2022, and argument on these issues will likely occur in subsequent months.

Antitrust - Ranbaxy Generic Drug Application

Sun Limited and certain of its subsidiaries are defendants in a number of class action lawsuits and individual actions brought by purchasers and payers in the U.S. alleging violation of antitrust laws and the RICO Act with respect to its ANDAs for Valanciclovir, Valsartan and Esomeprazole. The cases were transferred to the U.S. District Court for the District of Massachusetts for coordinated proceedings. With a view to resolve the dispute and avoid uncertainty, a settlement without admission of any guilt was reached with all of the plaintiff classes on March 23, 2022, for a total settlement amount of $485 million for Sun Limited of which $275 million allocated to Ranbaxy Inc. The settlement is subject to final approval by the Court.

Product Liability - Ranitidine/Zantac MDL

In June 2020, Sun Limited and U.S. subsidiaries were named as defendants in a complaint filed in the Zantac/Ranitidine Multi-District Litigation ("MDL") consolidated in the U.S. District Court for the Southern District of Florida. The lawsuits name over 100 defendants (including brand manufacturers, generic manufacturers, repackagers, distributors and retailers) involving allegations of injury caused by nitrosamine impurities. Discovery in the MDL is ongoing. On July 8, 2021, the District Court granted the generic Defendants' motion to dismiss, the effect of which was to dismiss the Sun Limited and one of its affiliates with prejudice. That decision is up on appeal. In addition to the federal court proceedings, Sun Limited and one of its affiliates also have been named as defendants in state court actions pending in Illinois, Pennsylvania, and California. One of the actions pending in Illinois state court currently is scheduled to go to trial in August 2022. Finally, certain of Sun Limited's subsidiaries are named in three putative class actions pending in three Canadian provinces. The action pending in British Columbia is taking the lead and is in the class certification stage.

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:

	2022	2021
Due to related parties	$ 137,488	$ 94,568
Revenue recognized	45,643	46,540
Inventory purchases	19,384	12,495
Allocated income taxes payable	-	49
Allocated income tax benefit	-	(78)

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, 2022, the most recent consolidated balance sheets presented herein, through June 30, 2022, 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.

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 years ended March 31, 2022, and our report thereon dated June 30, 2022 expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 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 such 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.

New York, New York
June 30, 2022

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

CONSOLIDATING BALANCE SHEET

March 21, 2022
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ -	$ 48	$ -	$ 48
Accounts receivable, net	-	9,410	-	-	9,410
Inventories	-	49,915	-	-	49,915
Prepaid expenses	-	678	-	-	678
Total current assets	-	60,003	48	-	60,051
Property, plant and equipment					
Land	-	560	-	-	560
Buildings and improvements	4,577	76,837	-	-	81,414
Equipment	5,373	111,081	-	-	116,454
Furniture and fixtures	1,384	2,371	-	-	3,755
Construction in process	45	5,758	-	-	5,803
Total	11,379	196,607	-	-	207,986
Less: accumulated depreciation	4,948	133,569	-	-	138,517
Net property, plant and equipment	6,431	63,038	-	-	69,469
Investments	(228,932)	-	-	228,932	-
Goodwill, net	-	7,414	-	-	7,414
Deferred income taxes allocated	866	63,210	-	-	64,076
Total assets	$ (221,635)	$ 193,665	$ 48	$ 228,932	$ 201,010

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

CONSOLIDATING BALANCE SHEET - CONTINUED

March 21, 2022
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Accounts payable - trade	$ 554	$ 6,467	$ -	$ 102	$ 7,123
Accrued expenses	327	286,187	-	-	286,514
Due to related parties	11,199	139,031	(12,640)	(102)	137,488
Income tax payable	-	-	-	-	-
Total liabilities	12,080	431,685	(12,640)	-	431,125
Shareholder's equity					
Common stock	13,000	239	-	(239)	13,000
Additional paid-in capital	46,950	18,453	-	(18,510)	46,893
(Accumulated deficit) retained earnings	(293,665)	(256,712)	-	260,369	(290,008)
Total controlling interest	(233,715)	(238,020)	-	241,620	(230,115)
Members' equity	-	-	12,688	(12,688)	-
Total shareholder's/members' equity (deficit)	(233,715)	(238,020)	12,688	228,932	(230,115)
Total liabilities and shareholder's equity	$ (221,635)	$ 193,665	$ 48	$ 228,932	$ 201,010

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

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended March 21, 2022
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
Sales, net	$ -	$ 100,055	$ 45	$ -	$ 100,100
Total revenue	-	100,055	45	-	100,100
Cost of goods sold	-	127,789	(19)	-	127,770
Selling, general and administrative expenses	2,523	275,951	155	-	278,629
Research and development costs	-	5,191	-	-	5,191
Gain on disposal of property, plant and equipment	-	(61)	-	-	(61)
Operating (loss) income	(2,523)	(308,815)	(91)	-	(311,429)
Other expense					
Equity in losses from subsidiaries	249,168	-	-	(249,168)	-
(Loss) income before income tax allocation	(251,691)	(308,815)	(91)	249,168	(311,429)
Allocated income tax benefit	(926)	(60,233)	-	-	(61,159)
Net (loss) income	(250,765)	(248,582)	(91)	249,168	(250,270)
Net income attributable to noncontrolling interest	-	-	495	-	495
NET (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ (250,765)	$ (248,582)	$ (586)	$ 249,168	$ (250,765)

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

CONSOLIDATING STATEMENT OF SHAREHOLDER'S EQUITY

Year ended March 31, 2022
(amounts in thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature	Consolidating Entries	Consolidated Total
Balances, March 31, 2021	20,650	10,562	13,332	(23,836)	20,708
Net (loss) income	(250,765)	(248,582)	(91)	249,168	(250,270)
Distributions	-	-	(553)	-	(553)
Balances, March 31, 2022	$ (230,115)	$ (238,020)	$ 12,688	$ 225,332	$ (230,115)