

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sun Pharmaceutical Industries Limited

Report on Special Purpose Consolidated Financial Statements

Opinion

We have audited the Special Purpose Consolidated Financial Statements of Sun Pharmaceutical Holdings USA, Inc. ("the Company") and its subsidiaries (collectively referred to as the 'Group'), which comprise the Consolidated Balance sheet as at March 31, 2024 and the related Consolidated Statement of Comprehensive Profit/(loss), Consolidated Statement of Changes in Shareholder's Equity/(deficit) and Consolidated Statement of cash flows for the year then ended, and the related notes to the Special Purpose Consolidated Financial Statements.

In our opinion, the accompanying Special Purpose Consolidated Financial Statements referred to above present fairly, in all material respects, the Consolidated financial position of the Group as at March 31, 2024 and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with the accounting principles generally accepted in United States ('USGAAP').

Basis for Opinion

We conducted our audit of the Special Purpose Consolidated Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Special Purpose Consolidated Financial Statements in the United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Consolidated Financial Statements.

Responsibilities of Management and those charged with governance for the Special Purpose Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the Special Purpose Consolidated Financial Statements in accordance with USGAAP, and for such internal control as management determines to enable the preparation of Special Purpose Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Consolidated Financial Statements, including the disclosures, and whether the Special Purpose Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

S R B C & COLLP

Chartered Accountants

Restriction on Distribution

As described in Note 2(a), these Special Purpose Consolidated Financial Statements are prepared for Sun Pharmaceutical Industries Limited ('the Parent Company') to comply with the requirements of Regulation 46(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended ('the LODR') in India and for the purpose of publishing the Special Purpose Consolidated Financial Statements on Parent Company's website. As a result, the Special Purpose Consolidated Financial Statements may not be suitable for any other purpose. It is not to be used for the any other purpose, or referred to in any other document, or distributed to anyone else without out prior written consent. Our opinion is not modified in respect of this matter.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN:

Place of Signature: Pune

Date: May 20, 2024

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

CONSOLIDATED BALANCE SHEET

March 31,
(in USD thousands)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	46,251	102,344
Restricted Cash	-	1,157
Accounts receivable, net	550,440	554,229
Other receivables	3,950	6,028
Due from related parties	-	264,738
Inventories, net	407,027	388,567
Refundable income taxes	-	17,736
Prepaid expenses and deposits	23,127	21,788
	1,030,795	1,356,587
Property, plant and equipment		
Land	2,161	2,161
Buildings and improvements	122,485	122,261
Equipment	202,858	204,988
Furniture and fixtures	6,988	6,988
Vehicles	20,686	24,859
Construction in process	10,398	9,182
	365,576	370,439
Total	365,576	370,439
Less accumulated depreciation	250,662	243,566
	114,914	126,873
Net property, plant and equipment	114,914	126,873
Investments		
Marketable equity securities	113,403	100,520
Nonmarketable equity securities	11,876	13,165
Equity method investments	23,535	49,593
Convertible notes	11,833	9,998
	160,647	173,276
Total investments	160,647	173,276
Operating lease assets, net	10,767	13,023
Goodwill	230,398	273,562
Intangible assets, net of accumulated amortisation	454,535	449,931
Capital Advances	8,568	-
Deferred income taxes	72,576	15,924
	72,576	15,924
Total assets	2,083,200	2,409,176

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

CONSOLIDATED BALANCE SHEET - CONTINUED

March 31,
(in USD thousands)

	2024	2023
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	310,000	685,000
Income tax payable	5,656	-
Accounts payable	126,543	127,895
Accrued expenses	258,229	277,130
Advances from affiliates, current	6,884	704,664
Due to related parties	357,321	-
Loan from Others	1,500	-
Current portion of operating lease obligations	2,619	2,947
Current portion of finance lease obligations	4,176	5,230
	1,072,928	1,802,866
Total current liabilities		
Advances from affiliate, net of current portion	455,000	70,000
Operating lease obligations, net of current portion	12,933	15,720
Finance lease obligations, net of current portion	5,768	5,904
	1,546,629	1,894,490
Total liabilities		
Commitments and contingencies (Notes 2, 9, 14, and 18)		
SHAREHOLDER'S EQUITY		
Controlling interest		
Common stock - \$0 par value, 5,000 shares authorized and 1 share issued and 1 share outstanding	-	-
Additional paid-in capital	543,880	543,880
Retained earnings	(31,378)	(51,462)
	512,502	492,418
Total controlling interest		
Non-controlling interest	24,069	22,268
	536,571	514,686
Total shareholder's equity		
Total liabilities and shareholder's equity	2,083,200	2,409,176

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
Sun Pharmaceutical Holdings USA, Inc.**

per Paul Alvares
Partner
Membership no. : 105754
Pune, India
May 20, 2024

Susan Perilli
Director
New Jersey, USA
May 20, 2024

Zvi Albert
Chief Financial Officer
New Jersey, USA
May 20, 2024

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

CONSOLIDATED STATEMENT OF INCOME (LOSS)

Years ended March 31,
(in USD thousands)

	2024	2023
Sales, net	1,488,647	1,355,743
Other operating revenue	78	452
Total revenue	1,488,725	1,356,195
Cost of goods sold	918,279	912,877
Selling, general and administrative expenses	431,681	427,394
Research and development costs	94,951	33,997
Gain on disposal of property, plant, and equipment	(45)	(298)
Operating income / (loss)	43,859	(17,775)
Other income (expense)		
Interest expense	(64,893)	(41,031)
Dividend and interest income	14,204	19,170
(Losses)/gains on equity securities	(26,058)	(47,376)
Equity in (losses)/earnings from equity method investments	38,753	(22,175)
Other income	8,379	10,479
Other income (expense), net	(29,615)	(80,933)
(Loss) / income before income taxes	14,244	(98,708)
Income taxes (benefit)/provision	(7,641)	(9,496)
Net (loss)/income	21,885	(89,212)
Net (loss)/income attributable to non-controlling interest	1,801	(2,796)
Net (loss)/income attributable to controlling interest	20,084	(86,416)

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
Sun Pharmaceutical Holdings USA, Inc.**

per Paul Alvares

Partner

Membership no. : 105754

Pune, India

May 20, 2024

Susan Perilli

Director

New Jersey, USA

May 20, 2024

Zvi Albert

Chief Financial Officer

New Jersey, USA

May 20, 2024

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

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Years ended March 31, 2024 and 2023
(in USD thousands except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Non-controlling Interest	Total Shareholder's Equity
	Shares	Amount				
Balances, March 31, 2022	1	-	543,880	34,954	25,064	603,898
Net income	-	-	-	(86,416)	(2,796)	(89,212)
Distributions	-	-	-	-	-	-
Balances, March 31, 2023	1	-	543,880	(51,462)	22,268	514,686
Net income/(loss)	-	-	-	20,084	1,801	21,885
Distributions	-	-	-	-	-	-
Balances, March 31, 2024	1	-	543,880	(31,378)	24,069	536,571

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
Sun Pharmaceutical Holdings USA, Inc.**

per Paul Alvares

Partner

Membership no. : 105754

Pune, India

May 20, 2024

Susan Perilli

Director

New Jersey, USA

May 20, 2024

Zvi Albert

Chief Financial Officer

New Jersey, USA

May 20, 2024

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended March 31,
(in USD thousands)

	2024	2023
Cash flows from operating activities		
Net (Loss)/income	21,885	(89,212)
Adjustments to reconcile net income to net cash (used in)/provided by operating activities		
Depreciation	25,135	24,121
Amortization	7,184	7,691
Equity in losses/(earnings) from equity method investments	(38,753)	22,175
Losses (gains) on equity securities - marketable	26,058	47,376
Stock dividend from investee	(560)	(1,748)
Gain on disposal of property, plant, and equipment	(45)	(298)
Capital work in progress written off	-	713
Provision / impairment / write off / (reversal) of investments / advances / loans	665	25,966
Loss on impairment of goodwill	-	2,552
Deferred income taxes	(13,488)	(11,275)
Provision (recovery) of doubtful accounts	1,501	190
Changes in operating assets and liabilities which (decreased)/increased cash		
Accounts receivable	4,367	15,064
Due from related parties	622,059	215,776
Inventories	(18,460)	(141,603)
Refundable Income taxes	23,392	1,779
Prepaid expenses and deposits	5,353	798
Accounts payable	(1,336)	32,317
Accrued expenses	(18,901)	(265,350)
Lease obligations	(3,115)	(2,289)
Net cash provided by (used in) operating activities	642,941	(115,257)
Cash flows from investing activities		
Purchases and construction of property, plant and equipment	(17,336)	(13,293)
Contributions in equity investments - non-marketable	(2,000)	-
Contributions in equity method investments	-	12
Investment in convertible notes	(2,500)	-
Acquisitions (Note 21)	-	(572,000)
Distributions from equity method investments	-	1,153
Purchase of Intangibles	(16,788)	(24,707)
Proceeds on disposal of property, plant, and equipment	-	676
Proceeds from sale of non-marketable securities	-	416
Proceeds from sale of marketable securities	29,703	808
Net cash provided by (used in) investing activities	(8,921)	(606,935)
Cash flows from financing activities		
Proceeds from short-term bank borrowings	526,500	685,000
Net repayment of line of credit borrowings	(900,000)	-
Net advances from affiliates	(312,781)	44,898
Repayment of lease obligations	(4,989)	(4,857)
Distributions	-	(23)
Net cash provided by (used in) financing activities	(691,270)	725,018
Net increase / (decrease) in cash and cash equivalents	(57,250)	2,826
Cash and cash equivalents taken over on acquisition of subsidiary (Note 21)	-	69,095
Cash and cash equivalents, beginning of year	103,501	31,580
Cash and cash equivalents, end of year	46,251	103,501

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

CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

Years ended March 31,
(in USD thousands)

Note: Following table provides a reconciliation of cash and cash equivalents including restricted cash reported within the Consolidated Balance Sheet that equates to the total of the same amounts shown in the Consolidated Statements of Cash Flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	46,251	102,344
Restricted cash	-	1,157
Cash and cash equivalents, end of year	<u>46,251</u>	<u>103,501</u>

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
Sun Pharmaceutical Holdings USA, Inc.**

per Paul Alvares

Partner

Membership no. : 105754

Pune, India

May 20, 2024

Susan Perilli

Director

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Chief Financial Officer

New Jersey, USA

May 20, 2024

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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NOTES TO SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024 and 2023
(amounts in USD thousands)

NATURE OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Business

Sun Pharmaceutical Holdings USA, Inc. ("Sun Holding"), with headquarters in Princeton, New Jersey, is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited ("Sun Limited"), a specialty pharmaceutical business organized under the laws of, and based in India. Sun Holding has no operating activities. All operating activities are carried out by its subsidiaries; Sun Pharmaceutical Industries, Inc. and subsidiaries ("Sun"), which is 96.32% owned by Sun Holding and 3.68% by Sun Limited, and Ranbaxy, Inc. and subsidiaries ("Ranbaxy"), which is wholly owned by Sun Holding (collectively, "Sun Pharma" or the "Company").

The Company develops, licenses, manufactures, markets and distributes generic and brand prescription and over-the-counter pharmaceuticals to the nation's largest wholesalers, distributors, warehousing and non-warehousing chain drugstores and managed care providers, 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 and New Drug Applications ("NDAs") for brand drugs. The Company distributes various products exclusively for Sun Limited and also 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. Generic products are intended to treat a variety of disorders including, but not limited to, hypertension, arthritis, epilepsy, diabetes, depression, cancer and pain management. The Company has brand products that currently are primarily intended to treat patients related to dermatology. The Company has divisions for the distribution of various proprietary brand products in the therapeutic categories of ophthalmology, dermatology (biologics), oncology and neurology.

The Company is also involved in developing CTP-543, a Janus Kinase 1 and Janus Kinase 2 (JAK 1/2) inhibitor that Company has discovered through the application of DCE Platform (deuterated chemical entity platform). Company has completed evaluation of CTP-543 in a Phase 3 clinical program for the treatment of alopecia areata, a serious autoimmune dermatological condition. The Company has filed a New Drug Application, or NDA, with the U.S. Food and Drug Administration, or FDA for the same during the current fiscal year ended March 2024.

Subsidiaries of Sun Pharmaceutical Industries, Inc. include:

Chattem Chemicals, Inc. ("Chattem"), a wholly owned subsidiary, is based in Chattanooga, Tennessee. Chattem is primarily engaged in the business of manufacturing Active Pharmaceutical Ingredients ("APIs"), surfactants and aluminum performance additives.

DUSA Pharmaceuticals Inc. ("DUSA"), a wholly owned subsidiary, is based in Billerica, Massachusetts, and is primarily engaged in the business of manufacturing and marketing branded dermatology formulations and medical devices used for treatment of dermatological conditions. DUSA has been merged into Sun Pharmaceutical Industries, Inc. effective from March 31, 2024.

Taro Development Corporation ("TDC"), a wholly owned subsidiary, is based in New York. This entity had no operating activity in fiscal years ended March 31, 2024 or 2023.

Sun's manufacturing and distribution facilities are located in Cranbury, New Jersey; Chattanooga, Tennessee; Billerica, Massachusetts and Lexington, Massachusetts. Company also has 56,000 square feet of leased office and laboratory space located at 65 Hayden Avenue, Lexington, Massachusetts. The lease

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

NOTES TO SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023
(amounts in USD thousands)

expires on January 1, 2029. Company believes that these facilities are sufficient for our current needs for the foreseeable future. The Company also has executive offices in these locations.

Subsidiaries of Ranbaxy Inc. include:

Ohm Laboratories, Inc. ("Ohm") a wholly owned subsidiary is based in New Brunswick, New Jersey, and has two manufacturing locations in New Jersey and one warehouse in New Brunswick.

Ranbaxy Signature L.L.C. ("Signature") is a 67.5% owned joint venture. Signature has the rights to a diabetic product that is marketed and distributed through Sun Pharmaceutical Industries, Inc.

2. Summary of significant accounting policies

a) Basis of preparation

These special purpose 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 ("U.S. GAAP"). These special purpose 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. The decision of whether to consolidate an entity for financial reporting purposes requires consideration of majority voting interests, as well as effective economic or other control over the entity. Typically, we do not seek control by means other than voting interests. These special purpose consolidated financial statements have been prepared for Sun Pharmaceutical Industries Limited to comply with the requirement of Regulation 46(2) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, as amended (the 'LODR') in India. Accordingly, these consolidated financial statements are special purpose and should not be used for any other purpose.

b) Use of Estimates

The preparation of special purpose consolidated financial statements in conformity with U.S. 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 date of the special purpose consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The management regularly evaluates its estimates and assumptions, using historical experience, third-party data, and market and external factors. The estimates are often based on complex judgments, probabilities and assumptions that the management believes to be reasonable but that are inherently uncertain and unpredictable. As future events and their effects cannot be determined with precision, these estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause management to change those estimates and assumptions. Management adjusts its estimates and assumptions when facts and circumstances indicate the need for change. It is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, impairment testing of tangible assets and intangible assets, allowance for doubtful accounts, recoverability of advances, realizability of deferred tax assets, valuation of inventories, income tax uncertainties and other contingencies and commitments.

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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NOTES TO SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023
(amounts in USD thousands)

c) 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. The Company maintains a policy of making investments only with institutions with at least an investment grade credit rating. Management does not believe the Company is exposed to any significant interest rate or other financial risk as a result of these deposits.

d) Restricted cash

There is no restricted cash amount for the current fiscal year ended March 31, 2024. In the previous fiscal year ended March 31, 2023, restricted cash comprised of USD 1,157 in the Restricted Money Market (collateral MMA) account with the Silicon Valley Bank of California as a security deposit as per the lease agreement for the leasehold property of the company in 99 Hayden Avenue, Suite 500, Lexington, Massachusetts.

e) Investments

The Company invests in equity securities of public and private companies to promote business and strategic objectives. These investments, although long term, are generally focused on the development of respective individual drugs and are not intended to be ongoing relationships.

Marketable equity securities are equity securities with readily determinable fair value that are measured and recorded at fair value on a recurring basis with changes in fair value, whether realized or unrealized, recorded through the consolidated statements of income. Sun, through its subsidiary TDC, holds 2,333,802 shares of Taro Pharmaceutical Industries, Ltd. ("Taro"). Sun Limited, along with several of its subsidiaries, holds the majority of the common shares of Taro. The American Depository Shares of Taro are traded on the New York Stock Exchange. Management does not intend to sell the securities of this affiliate in the near future since such interests were acquired as strategic investments by Sun Limited and its subsidiaries.

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for using the equity method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors, and ownership level, which is generally a 20% to 50% interest in the voting securities for corporate entities and between 3% and 50% interest in the voting securities for noncorporate entities. Under the equity method of accounting, an investee's underlying accounts are not reflected within the Company's consolidated balance sheets and consolidated statements of income; rather, the Company's share of the earnings or losses of the investee is reflected in the caption "Equity in earnings (losses) from equity method investments" in the consolidated statements of income. The Company's carrying value in an equity method investee is reflected in the caption "Equity method investments" on the consolidated balance sheets. At March 31, 2024 and 2023, the Company has outstanding capital commitments of approximately \$729 and \$729 respectively, to these investees.

Non-marketable equity securities are equity securities without readily determinable fair values and where we have no significant influence are measured at Net asset value ("NAV"). Investments represents the long-term equity investments in life sciences sector. Management has elected the practical expedient for measurement of these investments at NAV per share and accordingly, the asset was categorized within Level 2 of the fair value hierarchy. At March 31, 2024 and 2023, the Company has outstanding capital commitments of approximately \$40 and \$98 respectively, to these investees.

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

NOTES TO SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023
(amounts in USD thousands)

Realized and unrealized gains and losses resulting from changes in fair value or the sale of equity investments are reported as "gains (losses) on equity securities" on the consolidated statements of income.

f) Convertible Notes

During the fiscal year ended March 31, 2018, the Company converted a \$7,000 advance to one of its development stage investees into a convertible note. The convertible note matured in February 2020. On April 30, 2020, an amendment was entered into, which extended the maturity date to December 31, 2021. On December 27, 2021, another amendment was entered into, which further extended the maturity date to December 31, 2022. On January 11, 2023, amendment was entered into, which further extended the maturity date to June 30, 2023. During the fiscal year ended March 31, 2024, the company entered into amendments which further extended the maturity date of the convertible note to June 30, 2024. Interest accrues at an annual rate of 12%. The investee may prepay the convertible note in \$1,000 increments without penalty. The Company has the right to convert any outstanding principal into shares of the investee's common stock, at any time on or before the maturity date at its discretion. If the Company chooses to convert, it will forfeit all accrued and unpaid interest.

During the fiscal year ended March 31, 2019, an addendum to the original convertible note agreement was signed. As a result, the Company agreed to invest an additional \$5,000. These convertible notes matured in December 2019. On April 30, 2020, an amendment was entered into, which extended the maturity date to December 31, 2021. On December 27, 2021, another amendment was entered into, which further extended the maturity date to December 31, 2022. On January 11, 2023, amendment was entered into, which further extended the maturity date to June 30, 2023. During the fiscal year ended March 31, 2024, the company entered into amendments which further extended the maturity date of the convertible note to June 30, 2024. Interest accrues at an annual rate of 12%. The investee may prepay the convertible note in \$1,000 increments without penalty. The Company has the right to convert any outstanding principal into shares of the investee's common stock, at any time on or before the maturity date at its discretion. If the Company chooses to convert, it will forfeit all accrued and unpaid interest.

During the fiscal year ended March 31, 2022, the Company paid \$16,611 to Sun Global FZE an affiliate company for their convertible notes of the development stage investees with the maturity date to December 31, 2021. On December 31, 2021, another amendment was entered into, which further extended the maturity date to December 31, 2022. On January 11, 2023, amendment was entered into, which further extended the maturity date to June 30, 2023. During the fiscal year ended March 31, 2024, the company entered into amendments which further extended the maturity date of the convertible note to June 30, 2024. Interest accrues at an annual rate of 12%. The Company has the right to convert any outstanding principal into shares of the investee's common stock, at any time on or before the maturity date at its discretion. If the Company chooses to convert, it will forfeit all accrued and unpaid interest.

During the fiscal year ended March 31, 2024, the company paid \$2,500 for the purchase of a convertible note from its development stage investees with the maturity date of June 30, 2024. Interest accrues at an annual rate of 18%. There is no conversion option available to the company with regards to this promissory note.

The conversion feature of these notes does not allow for a cash settlement. The shares delivered on conversion are privately held and, therefore, not readily convertible to cash. As a result, the conversion feature does not have a net settlement characteristic and, therefore, does not meet the definition of a derivative.

During Fiscal year ended March 31, 2024 and March 31, 2023, the company recorded an impairment of \$665 and \$18,613 towards these convertible notes respectively [Note 3(d)].

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g) Advances from Affiliates (Related by Common Ownership and Management Control)

The Company has received funds from Alkaloida Chemical Co. ZRT, Sun Pharma Netherlands B.V. and Sun Pharmaceutical Industries Limited. These advances are considered unsecured operating loans. On an annual basis, any unpaid accrued interest is rolled into the principal balance. Loan from Alkaloida Chemical Co. ZRT has been repaid on February 08, 2024. The effective interest rate is 6.73% for the fiscal year ended March 31, 2024, and the effective interest rates ranged between 2.26% and 6.87% for the fiscal year ended March 31, 2023. Loan from Sun Pharma Netherlands B.V. balance should be repaid by February 2026. The effective interest rate is 6.35% for the fiscal year ended March 31, 2024 and 5.42% for the fiscal year ended March 31, 2023. These advances have been classified as non-current in the fiscal year ended March 31, 2024 consolidated balance sheet. Loan from Sun Pharmaceutical Industries Limited should be repaid in two installments in January 2026 and February 2029 respectively. The effective interest rates ranged between 6.50% and 6.73% during fiscal year ended March 31, 2024 and 1.52% and 5.98% in fiscal year ended March 31, 2023. These advances have been classified as non-current in the consolidated balance sheet (The interest rates mentioned are on a per annum basis).

h) Due from/to Related Parties

The Company enters into transactions with related parties in the normal course of business. These balances bear no interest and are not collateralized and have no specified due dates. These balances are classified as current in the consolidated balance sheets as they are expected to be collected in the normal course of business. The related parties have agreed to offset its respective receivable and payable balances and, accordingly, the resulting net receivables/payables have been included under due from/to related parties on the consolidated balance sheet as of March 31, 2024 and 2023.

i) Revenue Recognition

Revenue from product sales is recognized only when: the parties to the contract have approved it and are committed to perform 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.

Revenue from the sales of goods, including sales to wholesalers, is recognized at the point in time 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 majority of the Company's revenues are made in the US.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for 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 probable 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

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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.

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.

The Company's customers consist primarily of large U.S. pharmaceutical wholesalers who sell directly into the retail channel, chain drug stores, distributors, managed care customers and radiopharmaceutical pharmacies. For the products being sold from DUSA the primary customers are physicians and hospitals.

Revenue for distinct intellectual property ("IP") rights is accounted for based on the nature of the promise to grant the license. In determining whether the Company's promise is to provide a right to access its IP or a right to use its IP, the Company considers the nature of the IP to which the customer will have rights. IP is either functional IP, which has significant standalone functionality or symbolic IP, which does not have significant standalone functionality. Revenue from functional IP is recognized at the point in time when control of the distinct license is transferred to the customer, when the Company has a present right to payment and risks and rewards of ownership are transferred to the customer. Revenue from symbolic IP is recognized over the access period to the Company's IP. In the fiscal year ended March 31, 2024 and March 31, 2023, there is no sale of IP.

Revenue from royalties promised in exchange for a license of IP is recognized at the point in time that the related products are sold by the third party. Revenues from licensing arrangements included royalty income of \$77 and \$452 in fiscal year ended March 31, 2024 and fiscal year ended March 31, 2023, respectively, and are included in "Other operating revenue" in the consolidated statements of income.

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 which led management to make such determination include following: (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 good to customers; and (3) the Company has discretion in establishing the prices for the specific good.

The company 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 \$0 for fiscal year ended March 31, 2024 and fiscal year ended March 31, 2023, respectively, and are included in "Other operating revenue" in the consolidated statements of income.

Sun Pharma Advance Research Company Ltd ("SPARC") is a clinical stage bio-pharmaceutical company focused on continuously improving standards of care for patients globally, through innovation in

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therapeutics and delivery. The Company provides support services to SPARC. The support services are pharmaceutical clinical trial and other support, including but not limited to, legal, management, conduct and oversight of clinical trial and clinical trial activities, regulatory compliance services and support, including, regulatory filings, market approvals, including obtaining approvals in the US market or other applicable market, liaising with government authorities such as the Food and Drug Administration, local legal counsel, consultancy, advice, or other services as needed to facilitate the approval of, or development of a product, and all other miscellaneous support services. The revenue from these support services amounted to \$6,980 and \$9,557 for fiscal years ended March 31, 2024 and 2023, respectively, and are included in "Other Income" in the consolidated statements of income.

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 deferred amounts are \$7,595 and \$7,595 at March 31, 2024 and 2023, respectively.

Shipping and Handling Costs

Shipping and handling costs are considered to be a fulfillment cost and single performance obligation. These costs are included in selling, general and administrative expenses and amounted to \$13,731 and \$17,272 in fiscal years ended March 31, 2024 and 2023, respectively.

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

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- 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.

Approximately 56% and 55% of the total allowance for trade receivables at March 31, 2024 and 2023, respectively, have been established to provide for estimated sales chargebacks (see Note 4).

Shelf-Stock Adjustments

General practices within the pharmaceutical industry include granting customers a shelf-stock adjustment based on the customers' existing inventory and decrease 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 (see Note 4).

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 (see Note 4).

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 (see Note 11).

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

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statement in the period the change is determined. If the Company over or underestimates the quantity of product that will ultimately be returned, there may be a material impact on its special purpose consolidated financial statements (see Note 11).

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 (see Note 4).

Other Allowances

Billbacks are special promotions or discounts provided over a specific time period to a defined customer base, and for a defined product group. Distribution allowances are a fixed percentage of gross purchases for inventory shipped to a national distribution facility that the Company pays to its top wholesalers on a monthly basis. Administration fees are paid to certain wholesalers, buying groups, and other customers for stocking the Company's products and managing contracts and servicing other customers (see Note 4).

The Company has a patient coupon program in relation to certain products. These patient coupons enable eligible customers to a discount at the time of dispensing of prescriptions and the related cost of such patient coupons is borne by the Company. The accrual related to patient coupons is estimated based on historical experience regarding the usage of coupons by the eligible customers (see Note 11).

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 of \$964 and \$160 is considered necessary for the fiscal year ended March 31, 2024 and March 31, 2023 (see Note 4).

j) Accounts Receivable

The Company sells its products using customary trade terms; the resulting accounts receivable are unsecured. Accounts receivables 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 \$550,440 and \$554,229 at March 31, 2024 and 2023, respectively (see Note 4).

Trade accounts receivable are stated at their net realizable value. The allowance for credit losses reflects our best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. In developing the estimate for expected credit losses, trade accounts receivables are segmented into pools of assets depending on market (U.S. versus international), delinquency status, and customer type (high risk versus low risk and government versus non-government), and fixed reserve percentages are established for each pool of trade accounts receivables.

In determining the reserve percentages for each pool of trade accounts receivables, we considered our

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historical experience with certain customers and customer types, regulatory and legal environments, country and political risk, and other relevant current and future forecasted macroeconomic factors. These credit risk indicators are monitored on a quarterly basis to determine whether there have been any changes in the economic environment that would indicate the established reserve percentages should be adjusted and are considered on a regional basis to reflect more geographic-specific metrics. Additionally, write-offs and recoveries of customer receivables are tracked against collections on a quarterly basis to determine whether the reserve percentages remain appropriate. When management becomes aware of certain customer-specific factors that impact credit risk, specific allowances for these known troubled accounts are recorded. Trade accounts receivable are written off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted. During the fiscal year ended March 31, 2024 and March 31, 2023, additions to the allowance of credit losses, write-offs and recoveries of customer receivables were not material to our consolidated financial statements.

k) 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 produced 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 obsolescence 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.

l) 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:

<u>Asset Category</u>	<u>No. of Years</u>
Buildings	39 or 40
Leasehold improvements on building	Shorter of term or useful lives

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Buildings under operating lease	Shorter of term or useful lives
Plant and equipment	7 or 8
Computer equipment	4 or 7
Vehicles under lease	Shorter of term or useful lives
Office equipment	7 or 8
Furniture and fixtures	10

Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets for impairment and believes the carrying value of these assets will be recovered through cash flow from operations.

m) Leases

The majority of the Company's lease obligations are real estate operating leases used in warehouse and distribution operations and vehicles used by the Company's sales force. For any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on the consolidated balance sheets as either operating leases or finance leases at the inception of an agreement where it is determined that a lease exists. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and the Company recognizes lease expense on these leases on a straight-line basis over the lease term. Company determines if an arrangement is a lease at inception of the contract and performs the lease classification test as of the lease commencement date. ROU assets represent right to use an underlying asset for the lease term and lease liabilities represent obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Residual value guarantees are generally not included within our operating leases with the exception of some fleet leases. Company has elected the practical expedient not to separate non-lease components from lease components in calculating the amounts of ROU assets and lease liabilities for all underlying asset classes.

Operating lease assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The Company estimates the incremental borrowing rate on the date of the initial application for each lease which was 10.94% and 10.59% for the years ended March 31, 2024 and 2023 based on an evaluation of the Company's credit ratings and the prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. The Company's lease terms generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised. Fixed payments may contain predetermined fixed rent escalations. Related rent expense is recognized on a straight-line basis from the commencement date to the end of the lease term.

n) Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the special purpose consolidated 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 not 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.

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o) Research and Development Costs

Research and development costs 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, 2024 and 2023, respectively.

p) Advertising and Promotion Costs

Advertising and promotion costs, which are expensed as incurred and included in selling, general and administrative expenses, amounted to \$18,183 and \$10,640 in fiscal years ended March 31, 2024 and 2023, respectively.

q) 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's goodwill measurement date is March 31, 2024. The Company recorded, based on management's assessment, an impairment of \$0 and \$2,552 at March 31, 2024 and March 31, 2023, respectively (see Note 10).

r) Other Intangible Assets

Intangible assets with definite lives are amortized over periods ranging from 3 to 15 years and are evaluated for impairment at least annually. Intangibles are included in the "Other intangible assets, net" caption on the consolidated balance sheets. The Company concluded, based on management's assessment, that there was no impairment at March 31, 2024 or 2023.

s) Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets;
- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3.

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3. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Marketable equity securities and convertible notes are recorded at fair value on a recurring basis. From time to time, the Company may be required to record at fair value other assets on a non-recurring basis, such as inventory, non-marketable equity securities, goodwill and other long-lived assets. These non-recurring fair value adjustments typically involve the application of lower of cost or market accounting or write downs of individual assets.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. As of March 31, 2024 and 2023, there are no financial liabilities recorded at fair value.

a) Marketable Equity Securities

Marketable equity securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets. All marketable equity security investments as of March 31, 2024 and 2023 are considered Level 1 securities. Changes in fair value, whether realized or unrealized, are recorded through the consolidated statements of income.

b) Convertible Notes

As quoted prices in active markets or other observable inputs were not available for these notes, in order to measure them at fair value, the Company utilized a discounted cash flow model using a discount rate reflecting the market risk inherent in holding securities of an early-stage enterprise. This methodology required the Company to make assumptions that were not directly or indirectly observable regarding the fair value of the convertible notes; accordingly, the asset was categorized within Level 3 of the fair value hierarchy. At March 31, 2024 and 2023, it was determined that cost reasonably approximates the estimated fair value of the notes.

c) Assets Recorded at Fair Value on a Recurring Basis

The following table sets forth by level, within the fair value hierarchy, the recorded amount of assets measured at estimated fair value on a recurring basis at March 31:

<u>2024</u>	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Marketable equity securities				
by				
industry				
Healthcare industry	\$ 113,404	\$ -	\$ -	\$ 113,404
Convertible notes	-	-	11,833	11,833
Total assets, at fair value	<u>\$ 113,404</u>	<u>\$ -</u>	<u>\$ 11,833</u>	<u>\$ 125,237</u>

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2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Marketable equity securities by industry				
Healthcare industry	\$ 100,520	\$ -	\$ -	\$ 100,520
Convertible notes	-	-	9,998	9,998
Total assets, at fair value	\$ 100,520	\$ -	\$ 9,998	\$ 110,518

d) The following table sets forth a summary of changes in the fair value of the Company's Level 3 assets measured at estimated fair value on a recurring basis for the years ended March 31:

	2024	2023
Beginning balance of recurring Level 3 assets	\$ 9,998	\$ 28,611
Impairment during the year	(665)	(18,613)
Investment in convertible notes	2,500	-
Ending balance of recurring Level 3 assets	\$ 11,833	\$ 9,998

4. ACCOUNTS RECEIVABLE, NET

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

	2024	2023
Accounts receivable	\$ 706,512	\$ 761,679
Less: Valuation allowances		
Chargebacks and shelf stock adjustments	101,977	127,133
Direct and indirect rebates (includes administrative fees, service fees and related allowances, etc.)	35,097	63,157
Cash discounts	15,911	16,436
Allowance for doubtful accounts	964	160
Other concessions	2,123	564
Total valuation allowances	156,072	207,450
Accounts receivable, net	\$ 550,440	\$ 554,229

5. INVENTORIES, NET

Inventories consist of the following components at March 31:

2024	2023
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Raw materials	\$ 80,053	\$ 75,815
Work in process	24,636	31,192
Goods in transit (distributed and company-owned products)	20,896	57,602
Finished goods (company-owned products)	397,891	401,167
Finished goods (distributed products)	30,588	19,428
	<u>554,064</u>	<u>585,204</u>
Less: allowance for inventory reserve	<u>(147,037)</u>	<u>(196,637)</u>
Inventories, net	<u>\$ 407,027</u>	<u>\$ 388,567</u>

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.

During fiscal years ended March 31, 2024 and 2023, the Company made net purchases of inventory components, consisting of raw materials and finished goods, of approximately \$701,966 and \$848,343 respectively, from Sun Limited and its affiliates. These amounts are net of credits issued by the Company for the cost of expired and non-saleable products or for free replacement of fresh product to the Company primarily as a result of pending expiration or stale-dating of product held by the Company and its customers, without cost to the Company, which was acting in its normal distributor role for sales of such products.

6. PROPERTY, PLANT AND EQUIPMENT

Depreciation expense was \$24,456 and \$24,067 in fiscal years ended March 31, 2024 and 2023, respectively.

7. OTHER INTANGIBLE ASSETS

Other intangible assets consist of the following amounts at March 31:

	<u>2024</u>	<u>2023</u>
Patents and trademarks	\$ 247,327	\$ 252,328
Product rights and licenses	141,602	139,637
Technical know-how	15,511	15,511
Other	7,100	7,100
	<u>411,540</u>	<u>414,576</u>
Less accumulated amortization	<u>394,650</u>	<u>387,491</u>

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Other intangible assets, net	16,890	27,085
Intangible Assets under development	437,645	422,846
Total	\$ 454,535	\$ 449,931

Intangible assets are amortized ratably over periods ranging from 3 to 15 years, which correspond with the expected periods of future economic benefit. The amortization expense was \$7,184 and \$7,691 in fiscal years ended March 31, 2024 and 2023, respectively.

Estimated annual amortization expense for each of the five years succeeding March 31, 2024 and thereafter, are summarized as follows:

Years Ending March 31,		
2025	\$	4,571
2026		2,787
2027		2,787
2028		2,589
2029		2,489
Thereafter		1,667
	\$	16,890

8. Non-marketable Equity Securities

Non-marketable equity securities are equity securities without readily determinable fair values and where we have no significant influence are measured at Net asset value ("NAV"). Investments represents the long-term equity investments in life sciences sector. Management has elected the practical expedient for measurement of these investments at NAV per share and accordingly, the asset was categorized within Level 2 of the fair value hierarchy.

The entity is a limited partner in the private equity funds in this category. As per the investment agreements entered into by the company, a limited partner (the company) may not sell, assign, transfer, pledge or otherwise dispose of all or any part of its interest in the partnership unless the general partner (as defined in the partnership agreement) has consented thereto. Thus, Investments representing approximately 100% percent of the value of the investments in this class cannot be redeemed because the investments include restrictions that do not allow for redemption without prior consent of the General Partner as per the Partnership agreement of the equity funds. The remaining restriction period for these investments ranged from 19 to 45 months as at March 31, 2024.

Management estimates that there are no significant changes in NAV per share between the investment entity's NAV measurement date and company's reporting date.

At March 31, 2024 and 2023, the Company has outstanding capital commitments of approximately \$40 and \$98 respectively, to these investees. The company has recorded accumulated unrealized gain / (loss) on these investments of (\$3,329) and (\$4,943) as at March 31, 2024 and at March 31, 2023 and dividend income of \$1,232 and \$1,490 during the year ended March 31, 2024 and March 31, 2023 in Income statement under the head "Other income (expense)".

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9. EQUITY METHOD INVESTMENTS

At March 31, 2024 and 2023, investments accounted for under the equity method, and the percentage interest owned, consisted of Frazier Healthcare VII, L.P. (6.83%), Versant Venture Capital V, L.P. (7.46%), Medinstill LLC (19.99%), Atlas Venture Fund X L.P. (3.57%), and 5AM Ventures IV L.P. (3.33%). These investments are reflected in the caption "Equity method investments" on the Company's consolidated balance sheets.

Activity in equity method investments account is summarized as follows:

Balance, March 31, 2022	\$	72,920
Capital contributions		-
Proportionate share of equity in net (loss) income		(1,153)
Distributions		(22,174)
		<hr/>
Balance, March 31, 2023		49,593
Capital contributions		-
Distributions		(11,225)
Proportionate share of equity in net (loss) income		(14,833)
		<hr/>
Balance, March 31, 2024	\$	<u>23,535</u>

At March 31, 2024, the Company has outstanding capital commitments of approximately \$729 to these investees.

Combined, condensed balance sheet information underlying the Company's equity method investments is summarized as follows at March 31:

	<u>2024</u>	<u>2023</u>
Current assets	\$ 56,049	\$ 35,404
Investments at estimated fair value	727,820	1,177,693
Property and equipment	255	390
	<hr/>	<hr/>
Total assets	<u>\$ 784,124</u>	<u>\$ 1,213,487</u>
Current liabilities	\$ 126,128	\$ 113,113
Non-current liabilities	1,136	-
Total equity	<hr/>	<hr/>
	656,860	1,100,374
	<hr/>	<hr/>
Total liabilities and equity	<u>\$ 784,124</u>	<u>\$ 1,213,487</u>

Combined, condensed income statement information underlying the Company's equity method investments is summarized as follows for the years ended March 31:

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	2024	2023
Operating Income	\$ 1,507	\$ 2,799
Realized gain(loss) on investments	378,834	(126,692)
Unrealized gain (loss) on investments	(298,952)	(274,924)
Management fees	(10,027)	(12,932)
Professional fees	(1,122)	(3,430)
Other expenses	(1,905)	(293)
	\$ 68,335	\$ (415,472)

10. GOODWILL

The following summarizes the changes in carrying amount of Goodwill:

Particulars	Amount
<i>Gross Carrying amount</i>	
Balance as at April 1, 2022	80,992
Acquired during the year	195,535
Balance as at March 31, 2023	276,527
Balance as at April 1, 2023	276,527
Acquired during the year	-
Change in goodwill due to adjustments to the provisional purchase price allocation of Concert Pharmaceuticals, Inc. in accordance with ASC 805 as per note 21 (c)	(43,164)
Balance as at March 31, 2024	233,363
<i>Accumulated Impairment</i>	
Balance as at April 1, 2022	413
Impairment during the year	2,552
Balance as at March 31, 2023	2,965
Balance as at April 1, 2023	2,965
Impairment during the year	-
Balance as at March 31, 2024	2,965
Net carrying value as on March 31, 2023	273,562
Net carrying value as on March 31, 2024	230,398

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The Company performed its annual impairment test as of the reporting date for the fiscal years ended March 31, 2024 and March 31, 2023. Basis the said testing it has been determined that goodwill has been impaired in case of one of its reporting unit InSite Vision Inc. during the fiscal year ended March 31, 2023.

Considering the outlook of the current economic environment and other macro-economic factors, management has drawn an operating plan in light of the latest available information. Basis the operating plan, a downward revision to projections was necessitated and accordingly, it has been determined that an impairment would be required to be considered in the financial statements.

For the purpose of impairment testing, goodwill arising from a business combination is allocated to reporting units that are expected to benefit from the synergies of the business combination from which it arose.

For goodwill, all reporting units can confront events and circumstances that can lead to a goodwill impairment charge such as, among other things, unanticipated competition, an adverse action or assessment by a regulator, a significant adverse change in legal matters or in the business climate and/or a failure to replace the contributions of products that lose exclusivity.

The goodwill is reviewed at each reporting date to determine whether there is any indication of impairment. In our review, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Qualitative factors that we consider include, for example, macroeconomic and industry conditions, overall financial performance, and other relevant entity-specific events. If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we then perform a quantitative fair value test.

When we are required to determine the fair value of a reporting unit, we typically use the income approach. The income approach is a forward-looking approach to estimating fair value and relies primarily on internal forecasts. Within the income approach, we use the discounted cash flow method. We start with a forecast of all the expected net cash flows for the reporting unit, which includes the application of a terminal value, and then we apply a reporting unit-specific discount rate to arrive at a net present value amount. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of technological risk and competitive, legal and/or regulatory forces on the projections, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows. For all of our reporting units, there are a number of future events and factors that may impact future results and that could potentially have an impact on the outcome of subsequent goodwill impairment testing.

During the fiscal year ended March 31, 2024, the Company finalized its purchase price allocation for the acquisition of Concert Pharmaceuticals, Inc., completed in the previous fiscal year, as per under ASC 805. Due to the adjustments made during the finalization of purchase price allocation, goodwill recognized initially was reduced by USD 43,164. The adjustment to goodwill reflects new information obtained about facts and circumstances that existed as of the acquisition date. Further details of the acquisition are provided in Note 21 "Business Combination".

11. ACCRUED EXPENSES

Accrued expenses consist of the following amounts at March 31:

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	2024	2023
Sales returns	\$ 79,472	\$ 100,739
Medicaid rebates	39,412	38,065
Managed care	45,595	40,746
Employee-related benefits	66,240	53,617
Royalties and profit sharing	16,502	16,241
Patient coupons	11,358	21,221
Others	(350)	6,500
Legal Settlement	-	290,585
	\$ 258,229	\$ 277,130
Total		

12. SHORT-TERM BANK BORROWINGS

In March 2015, the Company entered into a line of credit ("credit agreement") with JP Morgan for \$20,000. There is no balance outstanding under the credit agreement at March 31, 2024 except LC's outstanding against this credit line. The agreement has no fixed termination date, and thus will terminate at such time either party chooses.

In December 2016, the Company entered into an uncommitted revolving line-of-credit agreement (revolving agreement") with JP Morgan Chase Bank, N.A. ("JP Morgan") for a maximum borrowing availability of \$200,000, of which \$85,000 and \$130,000 was outstanding at March 31, 2024 and 2023, respectively. The agreement has no fixed termination date, and thus will terminate at such time either party chooses. The effective interest rates were 5.94% and 5.67% at March 31, 2024 and 2023, respectively.

In March 2023, the Company entered into an uncommitted revolving line-of-credit agreement (revolving agreement") with JP Morgan Chase Bank, N.A. ("JP Morgan") for a maximum borrowing availability of \$80,000, of which \$0 and \$10,000 was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 5.29% and 5.67% at March 31, 2024 and 2023, respectively. The account has been closed in October 2023.

In February 2023, the Company entered into an uncommitted line of credit agreement ("credit agreement") with Citibank with a termination date of February 2025. The maximum available borrowings under the credit agreement is \$45,000, of which \$0 and \$45,000 was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 6.04% and 5.17% at March 31, 2024 and 2023, respectively.

In August 2022, the Company entered into an uncommitted line of credit agreement ("credit agreement") with BNP Paribas Bank with a termination date of May 2024. The maximum available borrowings under the credit agreement is \$200,000, of which \$0 and \$100,000 was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 5.94% and 5.17% at March 31, 2024 and 2023, respectively.

In August 2022, the Company entered into an uncommitted line of credit agreement ("credit agreement") with MUFG Bank with a termination date of June 2023. The maximum available borrowings under the credit agreement is \$200,000, of which \$0 and \$150,000 was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 0% and 5.22% at March 31, 2024 and 2023, respectively.

In February 2023, the Company entered into an uncommitted revolving line-of-credit agreement (revolving agreement") with MUFG Bank for a maximum borrowing availability of \$250,000, of which \$0 and \$250,000

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was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 6.19% and 5.22% at March 31, 2024 and 2023, respectively. The account has been closed in August 2023.

In January 2024, the Company entered into an uncommitted line of credit agreement ("credit agreement") with MUFG Bank with a termination date of May 2024. The maximum available borrowings under the credit agreement is \$300,000, of which \$225,000 and \$0 was outstanding at March 31, 2024 and 2023, respectively. The effective interest rates were 5.98% and 0% at March 31, 2024 and 2023, respectively.

13. INCOME TAXES

The allocation of income taxes consists of the following components for the year ended March 31:

	2024	2023
Current Tax		
Federal	\$ 4,022	\$ (544)
State	1,875	1,130
Total current tax	5,897	586
Deferred		
Federal	(19,526)	(3,219)
State	5,988	(6,863)
Total deferred tax	(13,538)	(10,082)
Total tax (benefit) provision	\$ (7,641)	\$ (9,496)

The primary differences from the US statutory rate to the effective rate are permanent differences, federal tax credits, reserves for uncertain tax positions and federal tax on foreign subsidiary income tax credits, reserves for uncertain tax positions and federal tax on foreign subsidiary income.

As of March 31, 2024 and 2023, the Company's net 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.

Valuation allowances against deferred income tax assets are provided when, based upon the weight of available evidence, it is more-likely-than-not that some or all of the deferred tax assets will not be realized. Based upon the level of projected future taxable income over the periods in which deferred tax assets are realizable, the Company expects that it is more likely than not that it will realize the benefit of these temporary differences. Some of the Company's NOLs are subject to annual limitations under income tax rules. As a result of such restrictions, certain of such NOLs, amounting to approximately \$190,266 will expire and are not likely to be available for future benefit. Accordingly, the deferred tax asset related to the NOLs has been reduced by the amount of NOLs which the Company will likely not be in a position to utilize prior to (a) their expiration between 2024 and 2034 and (b) a reasonable period ending with the fiscal year March 2040.

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The Company analyzed its filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years (Fiscal 2018 to 2021) in these jurisdictions. The Company identified and recorded unrecognized tax benefits ("UTB") of \$7,184 as of March 31, 2024 as a result of the Internal Revenue Service ("IRS") examinations. An interest expense of \$408 was booked for the UTB reserve as of March 31, 2024. The Company does not expect the total amount of UTB to significantly increase or decrease in the next 12 months.

The IRS Appeals division has completed its examination review of Sun's fiscal year ended March 31, 2016 and short periods ending November 30, 2016 and March 31, 2017 tax returns and issued tax return adjustments resulting in approximately \$24,573, \$14,971 and \$8,072 of additional tax expense, respectively. The Company is disputing the assessments and based on the latest settlement offer from the IRS appeals officer, the company is has \$7,592 reserved to cover for the settlement with the IRS, as mentioned above.

14. LEASES (INCLUDING RELATED PARTY)

The Company conducts a portion of its operations with leased property and equipment, including rental of office and warehouse space in Cranbury, New Jersey, from an affiliated company, Taro. Supplemental consolidated balance sheet information related to leases is as follows at March 31, 2024 and 2023:

	2024	2023
Lease assets		
Operating leases	\$ 10,767	\$ 13,023
Finance leases (included within property, plant and equipment)	9,616	10,851
Total lease assets	\$ 20,383	\$ 23,874
Lease liabilities		
Current:		
Operating leases	\$ 2,619	\$ 2,947
Finance leases	4,176	5,230
Noncurrent:		
Operating leases	12,933	15,720
Finance leases	5,768	5,904
Total lease liabilities	\$ 25,496	\$ 29,801
Components of total lease costs were as follows for fiscal years ended March 31, 2024 and 2023:		
Operating lease cost (included in administrative expenses)	\$ 4,130	\$ 2,227
Finance lease cost:		
Depreciation on lease assets (included in administrative expenses)	5,252	4,799
Interest on lease liabilities (included in interest expenses)	825	377

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Total lease costs	\$ 10,207	\$ 7,403
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Other supplemental information follows:

	2024	2023
Operating Leases		
Weighted-Average Remaining Contractual Lease Term (Years)	4.66 years	5.47 years
Weighted-Average Discount Rate	10.94 %	10.59%
Finance Leases		
Weighted-Average Remaining Contractual Lease Term (Years)	1.97 years	2.60 years
Weighted-Average Discount Rate	5.31 %	2.39 %

Cash paid for amounts included in the measurement of lease liabilities:
(Amount '000)

	2024	2023
Operating cash flows from operating leases	4,937	2,606
Financing cash flows from finance leases	5,815	4,857

The following is a schedule of annual future minimum lease payments required under leases with initial or remaining no cancelable lease terms in excess of one year as of March 31, 2024:

	Finance Leases	Operating Leases (Including Affiliates)
2025	\$ 5,467	\$ 4,189
2026	3,554	4,310
2027	2,355	4,434
2028	1,159	3,650
2029	360	3,989
Thereafter	-	-
Total future undiscounted lease payments	12,895	20,572
Less amounts representing interest	2,952	5,021
Total reported lease liability	\$ 9,943	\$ 15,551

15. ROYALTY AND PROFIT-SHARE AGREEMENTS

The Company has entered into several distribution and profit-share arrangements wherein a specified percentage of the profit earned is paid by the Company to unrelated third parties as royalty and profit-share

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expense. During fiscal years ended March 31, 2024 and 2023, royalty and profit-share expense was \$9,023 and \$9,871, respectively. Of these amounts, \$4,259 and \$4,604, respectively, have been included in cost of goods sold and \$4,764 and \$5,267, respectively, have been included in selling, general and administrative expenses in the consolidated statements of income.

16. RETIREMENT PLAN

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 the plans. The Company made contributions in the amounts of \$8,590 and \$7,649 to the plans for fiscal years ended March 31, 2024 and 2023, respectively.

17. SALES CONCENTRATIONS

Major Customers

Shipments to four customers, including three wholesalers, accounted for approximately 66% of net revenues for both the Fiscal years ended March 31, 2024 and 2023. Balances due from these customers (gross outstanding amounts) represented approximately 84% and 87% of gross accounts receivable at March 31, 2024 and 2023, respectively. As is typical in the U.S. retail sector, many of the Company's customers are serviced through their designated wholesalers. Of the net 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 net sales for fiscal year ended March 31, 2024 and 2023. The loss of any of these customers would have a materially adverse effect on short-term operating results.

Major Products

Shipments of four products accounted for 54% and 47% of net sales for fiscal year ended March 31, 2024 and 2023, respectively.

18. COMMITMENTS, CONTINGENCIES, AND OTHER MATTERS

Employment Contracts

The Company has employment agreements with three of its executive officers that provide for annual salaries that include merit increases and at least a six-month continuance, including insurance benefits, upon termination without cause.

Litigation

The Company and/or its subsidiaries are involved in various legal proceedings, including, but not limited to, product liability claims, contract disputes, employment claims, antitrust matters, compliance matters, class actions 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

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length of 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 the 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, U.S. subsidiaries separately 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, U.S. subsidiaries provided certain materials to the Civil Division in 2018. The US subsidiaries provided certain additional materials in 2020 in response to a request from the Civil Division. The Civil Division has not asked for any additional information from U.S. subsidiaries, or communicated with U.S. subsidiaries, about the subpoena since that time.

U.S. subsidiaries, along with more than 70 other pharmaceutical companies and individuals, are named as defendants in lawsuits brought by several putative classes, state Attorneys General, municipalities and individual company purchasers and payors alleging violations of antitrust and related laws. These cases were filed in or were transferred to the U.S. District Court for the Eastern District of Pennsylvania for coordinated pre-trial proceedings. The court designated five complaints, including one Attorneys General complaint and four complaints filed by two putative classes, as "bellwethers" to begin the sequencing of proceedings; discovery is complete as to the bellwethers and the parties are now in expert discovery and class certification proceedings. In May 2023 and March 2024, the court issued orders revising prior deadlines and setting schedules as to the class and Attorney General bellwethers, respectively, across 2023 and 2024, including related to discovery and motions practice. In April 2024, the Attorneys General bellwether complaint and two other Attorneys General complaints were transferred from the Eastern District of Pennsylvania to the District of Connecticut in which the complaints were originally filed; the Attorneys General cases are proceeding in parallel to the cases remaining in the Eastern District of Pennsylvania. A settlement was reached with the Direct Purchaser Plaintiff class plaintiffs on November 4, 2021, which was approved by the court on March 18, 2023, pursuant to which the Company paid \$17.357 Million, which was reduced by \$2.042 Million as a result of a threshold percentage of class members that opted out of the settlement. In July 2022, the company paid in full the \$15.315 million. This amount does not include class members that opted out of the settlement. Discovery in the End Payor and state Attorneys General cases is ongoing. There also is a case arising from the same alleged antitrust conduct pending in Canada. After being dormant for some time, in 2023, plaintiffs filed their certification application. Defendants' responding

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materials are due in July 2024.

Opioids

US subsidiaries are defendants in the National Prescription Opiate Litigation that has been consolidated for pre-trial proceedings in the US District Court for the Northern District of Ohio, three additional federal court cases, and 35 cases pending in New York federal court (in which remand motions are pending). Sun Limited and Sun Pharmaceuticals Canada are defendants in putative consumer class actions pending in provinces across Canada, as well as a government action brought on behalf of all Canadian governments. These US 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 or, in the case of the Canadian government action, recovery of historical healthcare costs. Currently, all matters against US subsidiaries in the National Prescription Opiate Litigation are stayed. In 2023, in the Utah state court cases, SPIINC settled with the plaintiffs, agreeing to pay \$ 400 thousand, which was fully covered by insurance. The Canadian actions are in preliminary stages. The certification motion in the Quebec class action was heard in late-2022, and, in early-2024, the court authorized the action against the majority of defendants. The certification motion in the government class action was heard at the end of 2023, and the parties still are awaiting the court's decision. In March 2022, as defendants in two individual personal injury complaints were filed in West Virginia state court, which were consolidated with other similar cases before the West Virginia Mass Litigation Panel. These complaints named various Sun and Ranbaxy entities. In April 2023, the court granted all defendants' motions to dismiss.

Antitrust – Modafinil

Sun Limited and U.S. 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

Certain of the Company's U.S. subsidiaries were named as defendants in a number of putative class action lawsuits and individual actions brought by purchasers and payors in the U.S. alleging that the subsidiaries violated antitrust laws in connection with a 2008 patent litigation settlement agreement with Pfizer concerning generic Lipitor (atorvastatin). The cases have been transferred to the U.S. District Court for the District of New Jersey for coordinated pretrial proceedings. Discovery commenced in January 2020 but was stayed in March 2020 pending mediation. Pursuant to the mediator's order of June 3, 2021, mediation briefing and oral argument on certain issues were completed in March 2022. Limited discovery as to certain issues resumed in July 2022. Briefing for class certification and summary judgment motions were completed in 2023. In late-November 2023, the court held argument on defendants' summary judgment motion and plaintiffs' class certification motions. Currently, the court has yet to issue a decision on either motion. In February 2024, Pfizer settled with the Direct Purchaser Class Plaintiffs for \$93 million. There also was an antitrust case pending in West Virginia state court that mirrored the allegations in the federal case. In that case, by agreement of the parties Sun settled all claims against it, without any admissions, in the amount

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of \$8.25 Million. The parties are in the process of finalizing the written settlement agreement documentation.

Antitrust - Ranbaxy Generic Drug Application

Sun Limited and certain of its subsidiaries were defendants in a number of class action lawsuits and individual actions brought by purchasers and payors 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 group, of which \$275.27 million was allocated to Sun Holding. The court granted final approval to the settlement and dismissed all of the cases in September 2022. In July 2022, the Company paid in full \$275.27 million.

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. On July 8, 2021, the court granted the generic Defendants' motion to dismiss, the effect of which was to dismiss Sun Limited and its affiliates with prejudice. That decision is on appeal. In addition to the federal court proceedings, Sun Limited and two of its affiliates were also named as defendants in state court actions pending in Pennsylvania, and California (actions previously pending in New York state court were voluntarily dismissed, and actions previously pending in Illinois state court were dismissed on the pleadings). Finally, certain of Sun Limited's subsidiaries are named in various putative class actions pending in three Canadian provinces. The action pending in British Columbia is taking the lead and, in May 2023, the court in that action granted defendants' motion to strike and denied plaintiffs' motion for class certification.

Incyte Litigation

On January 19, 2023, Company signed a definitive agreement to acquire Concert Pharmaceuticals, Inc. ("Concert") and completed the transaction on March 6, 2023, Concert later merged into Sun on March 31, 2023. Prior to the acquisition, Concert was involved in patent-related litigation with Incyte Corporation ("Incyte"), both in the US and Europe, in which Incyte challenged certain of Concert's patents before the U.S. Patent Trial and Appeal Board ("PTAB") and the European Patent Office, respectively (the "Concert Patent Litigation"). Concert Patent Litigation matters are pending on appeal in the U.S. and the EPO.

19. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing Activities

The Company financed the acquisition of vehicles by entering into capital leases totaling \$5,228 and \$3,694 in Fiscal years ended March 31, 2024 and 2023, respectively. Cash paid for interest amounted to the following during the years ended March 31:

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	2024	2023
Interest	\$ 59,364	\$ 33,583
Income taxes paid / (refund)	\$ (17,286)	\$ (1,291)

20. 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:

	2024	2023
Advances from affiliate	461,884	774,664
Due from related parties	-	264,738
Due to related parties	357,321	-
Sales, net	2,213	1,083
Purchase of raw material, packing material and finished goods	701,966	848,343
Purchase of rights of capital PO advance	-	4,656
Purchase of Land & Building	-	2,067
Selling, General and Administration expenses	13,521	15,388
Purchase of Promissory note	2,500	260,000
Repayment of Promissory note	260,000	-
Brand-related expense recovery (recorded as a reduction of selling, general and administrative expenses)	100,617	101,592
Interest expense	47,585	28,670

21. BUSINESS COMBINATION

a. Acquisition and Purchase consideration:

On March 06, 2023, the Company acquired Concert Pharmaceuticals Inc. ("Concert") along with its subsidiaries. As of March 31, 2023 Concert has been merged with Sun. Concert is late-stage clinical biopharmaceutical company that is developing Deuruxolitinib for the potential treatment of adult patients with moderate to severe Alopecia Areata. Alopecia Areata is an autoimmune disease in which the immune system attacks hair follicles, resulting in partial or complete loss of hair on the scalp and body.

b. Purchase consideration:

The business acquisition was completed through a tender offer for an upfront payment of \$ 8.00 per share of common stock, in cash, or \$ 576,000 in equity value, plus one non-tradeable contingent value right (CVR) per share of common stock, which represents their right to receive contingent payments of up to \$ 3.50 per share of common stock, in cash, upon the achievement of certain milestones prior to December 31, 2029.

Acquirer incurred \$ 7,424 of acquisition-related costs. These expenses are included in general and administrative expense head of consolidated income statement for the fiscal year ended March 31, 2023.

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On acquisition date of Business Combination, purchase consideration has been allocated on a provisional basis, pending final determination of the fair value of the acquired assets and liabilities. ASC 805 allows for a measurement period of up to one year from the acquisition date to finalize the purchase price allocation. During this measurement period, the Company can continue to obtain information to assist in determining the final fair values of the assets acquired and liabilities assumed. Any adjustments to the provisional amounts will be recorded as soon as the information is available, and the adjustments will be reflected in the period in which they are determined. The Company recognizes an increase (decrease) in the provisional amount recognized for an identifiable asset (liability) by means of a decrease (increase) in goodwill.

Company finalized the valuation of identified assets and liabilities assumed in the fiscal year ended March 31, 2024, prior to the end of one-year measurement period on March 5, 2024. Accordingly, the resulting increase (decrease) in the provisional amount for an identifiable asset (liability) is given effect by recognizing the resulting differential by means of a decrease (increase) in goodwill.

Further, as per ASC 805, the Company must disclose the amounts and reasons for adjustments to the provisional amounts. The Company must disclose, by line item, the amount of the adjustment reflected in the current period that would have been recognized in previous periods if the adjustments to provisional amounts had been recognized as of the acquisition date. Refer note 21(c) for related disclosures and presentation.

c. Details of assets acquired and liabilities assumed:

The following table summarizes the consideration transferred to acquire Concert Pharmaceutical Inc. and the amounts of identified assets acquired and liabilities assumed at the acquisition date as per provisional purchase price allocation and final purchase price allocation:

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Particulars	Provisional Purchase Price Allocation	Adjustments	Final Purchase Price Allocation
A] Fair value of consideration transferred			
- Paid	572,000		572,000
- Payable	4,000		4,000
Total [A]	576,000	-	576,000
Recognized amounts of identifiable assets acquired and liabilities assumed:			
B] Assets acquired			
Cash and cash equivalents	69,095		69,095
Investments	16,909		16,909
Current assets	5,645		5,645
Fixed Assets	4,326		4,326
ROU Assets	7,694		7,964
Intangible assets	418,200		418,200
Deferred Tax Asset	-	34,800	34,800
Total [B]	522,139	34,800	556,939
C] Liabilities Acquired			
Current liabilities	15,842		15,842
Deferred Revenue	7,595		7,595
Lease Liabilities	13,687		13,687
Deferred Tax Liability	104,550	(8,364)	96,186
Total [C]	141,674	(8,364)	133,310
Goodwill [A-B+C]	195,535	(43,164)	152,371

The adjustments reflected in the table above includes subsequent deferred tax adjustments to the provisional amounts recognized at the acquisition date. These deferred tax adjustments are limited to adjustments that result from new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date, with a corresponding decrease to goodwill.

d. Goodwill:

Goodwill of USD 195,535 is recognized as part of provisional purchase price allocation of the Concert Pharmaceutical Inc, which primarily can be attributable to the synergies expected to be achieved and value of assembled workforce i.e., the value of the acquired experienced and skilled employees, who have been instrumental for Concert Pharmaceutical Inc. Due to the adjustments made during the finalization of purchase price allocation, goodwill recognized initially was reduced by USD 43,164. The adjustment to goodwill reflects new information obtained about facts and circumstances that existed as of the acquisition date the details of which are given in note 21(c). As an indefinite-lived asset, goodwill is not amortized but

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rather is subject to impairment testing on at least an annual basis. The goodwill was assigned to Concert Pharmaceuticals Inc.

The change in the carrying amount of goodwill basis the final purchase price allocation is as follows:

Particulars	Year Ended March 31, 2023
Net carrying value as at April 01, 2022	80,579
Adjustments during the year	
Goodwill on account of acquisitions during the year – Concert Pharmaceuticals acquisition	195,435
Impairment Loss	(2,552)
Net carrying value as at March 31, 2023	273,562
Change in goodwill due to adjustments to the provisional purchase price allocation of Concert Pharmaceuticals, Inc. in accordance with ASC 805 as per note 21 (c) above	(43,164)
Net carrying value as at March 31, 2024	230,398

e. Intangible assets

The fair value of the separately identifiable finite-lived intangible assets acquired and estimated useful lives are as follows:

Particulars	Estimated Fair Values	Weighted Average Amortization Life (years)
Intangible assets under development	418,200	Not applicable, since under development
Total	418,200	

Intangible assets were valued using models and approaches best suited for the asset type.

Intangible assets under development were valued using the Multi-Period Excess Earnings Method (MPEEM), which calculates economic benefits by determining the income attributable to an intangible asset after returns are subtracted for contributory assets. Assumptions in the MPEEM include projected revenue growth rates, future margins, royalty rate indication, and tax rate.

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f. Contingent consideration and Liabilities:

There are no contingent considerations.

g. Impact of acquisition on results:

Concert Pharmaceutical Inc's revenue and earnings/(loss) for the year ended March 31, 2023 was USD (6,456) from the date of its acquisition i.e. from March 06, 2023. The results of Concert have been included in the special purpose consolidated financial statements since the date of acquisition.

Indicative disclosure of inputs and assumptions used in determining fair value of goodwill acquired in business combination:

Determining the fair value of goodwill is subjective in nature and often involves the use of estimates and assumptions including, without limitation, use of estimates of future prices and volumes for our solutions, capital needs, economic trends, and other factors which are inherently difficult to forecast. If actual results, or the plans and estimates used in future impairment analyses are lower than the original estimates used to assess the recoverability of these assets, we could incur impairment charges in a future period. In assessing the qualitative factors, we consider the impact of certain key factors including macroeconomic conditions, industry and market considerations, management turnover, changes in regulation, litigation matters, changes in enterprise value, and overall financial performance. No impairment of goodwill was identified during the fiscal year ended March 31, 2024 and fiscal year ended March 31, 2023 pertaining to acquired goodwill on acquisition of Concert Pharmaceuticals Inc.

22. GOING CONCERN

As the Company is continuing operational and financial support from its ultimate holding company, these financial statements have been prepared on the 'going concern' assumption.

23. SUBSEQUENT EVENTS

In preparing these special purpose consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2024, the most recent consolidated balance sheet presented herein, through May 20, 2024, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified.

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CONSOLIDATING BALANCE SHEET

As of March 31, 2024
(in USD thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature LLC	Sun Pharmaceutical Industries, Inc.	PI Real Estate Ventures, LLC	SP Housatonic LLC	SP Housatonic II LLC	SP Housatonic III LLC
ASSETS								
Current assets								
Cash and cash equivalents	-	-	48	31,614	-	-	-	-
Restricted Cash	-	-	-	-	-	-	-	-
Accounts receivable, net	-	11,111	-	530,779	-	-	-	-
Other receivables	-	-	-	3,950	-	-	-	-
Due from related parties	-	-	-	-	-	-	-	-
Inventories, net	-	37,133	-	359,231	-	-	-	-
Refundable income taxes	-	-	-	-	-	-	-	-
Prepaid expenses and deposits	-	4,102	-	19,106	-	-	-	-
Total current assets	-	52,346	48	944,680	-	-	-	-
Property, plant and equipment								
Land	-	560	-	-	1,029	-	-	184
Buildings and improvements	4,578	76,997	-	4,269	18,281	1,102	780	-
Equipment	5,372	117,644	-	53,229	-	-	-	-
Furniture and fixtures	1,384	2,371	-	2,823	109	-	-	-
Vehicles	-	-	-	20,641	-	-	-	-
Construction in process	-	2,297	-	2,914	-	-	-	-
Total	11,334	199,869	-	83,876	19,419	1,102	780	184
Less accumulated depreciation	6,823	144,498	-	67,062	5,816	28	20	-
Net property, plant and equipment	4,511	55,371	-	16,814	13,603	1,074	760	184
Investments								
Marketable equity securities	-	-	-	14,631	-	-	-	-
Nonmarketable equity securities	-	-	-	11,876	-	-	-	-
Investment in subsidiaries	(364,434)	-	-	482,868	-	-	-	-
Equity method investments	-	-	-	23,535	-	-	-	-
Convertible notes	-	-	-	11,833	-	-	-	-
Total investments	(364,434)	-	-	544,742	-	-	-	-
Operating lease assets, net	-	-	-	10,767	-	-	-	-
Goodwill	-	7,414	-	210,862	-	-	-	-
Intangible assets, net of accumulated amortisation	-	-	-	454,535	-	-	-	-
Capital Advances	-	3,196	-	5,372	-	-	-	-
Deferred income taxes	931	5,908	-	87,180	-	-	-	-
Total assets	(358,992)	124,235	48	2,274,952	13,603	1,074	760	184

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CONSOLIDATING BALANCE SHEET

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(in USD thousands)

	Chattem Chemicals, Inc.	DUSA Pharmaceuticals, Inc.	Taro Development Corporation	Concert Pharmaceuticals Securities Corp.	Concert Pharma Ireland Limited	Concert Pharma U.K. Ltd	Sun Pharmaceutical Holdings USA, Inc.	Consolidating Entries	Total
ASSETS									
Current assets									
Cash and cash equivalents	14,359	-	-	-	-	-	229	-	46,251
Restricted Cash	-	-	-	-	-	-	-	-	-
Accounts receivable, net	8,550	-	-	-	-	-	-	-	550,440
Other receivables	-	-	-	-	-	-	-	-	3,950
Due from related parties	-	-	-	-	-	-	-	-	-
Inventories, net	12,623	-	-	-	-	-	-	(1,960)	407,027
Refundable income taxes	-	-	-	-	-	-	-	-	-
Prepaid expenses and deposits	(80)	-	-	-	-	-	-	-	23,127
Total current assets	35,452	-	-	-	0	0	229	(1,960)	1,030,795
Property, plant and equipment									
Land	388	-	-	-	-	-	-	-	2,161
Buildings and improvements	16,478	-	-	-	-	-	-	-	122,485
Equipment	32,853	-	-	-	-	-	-	(6,240)	202,858
Furniture and fixtures	301	-	-	-	-	-	-	-	6,988
Vehicles	45	-	-	-	-	-	-	-	20,686
Construction in process	5,187	-	-	-	-	-	-	-	10,398
Total	55,252	-	-	-	-	-	-	(6,240)	365,576
Less accumulated depreciation	33,197	-	-	-	-	-	-	(6,782)	250,662
Net property, plant and equipment	22,055	-	-	-	-	-	-	542	114,914
Investments									
Marketable equity securities	-	-	98,772	0	-	-	-	-	113,403
Nonmarketable equity securities	-	-	-	-	-	-	-	-	11,876
Investment in subsidiaries	-	-	-	-	-	-	532,879	(651,313)	-
Equity method investments	-	-	-	-	-	-	-	-	23,535
Convertible notes	-	-	-	-	-	-	-	-	11,833
Total investments	-	-	98,772	0	-	-	532,879	(651,313)	160,647
Operating lease assets, net									
Goodwill	12,121	-	-	-	-	-	-	-	230,398
Intangible assets, net of accumulated amortisation	-	-	-	-	-	-	-	-	454,535
Capital Advances	-	-	-	-	-	-	-	-	8,568
Deferred income taxes	(2,387)	-	(20,751)	-	-	-	-	1,696	72,576
Total assets	67,242	-	78,021	0	0	0	533,109	(651,036)	2,083,200

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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CONSOLIDATING BALANCE SHEET

As of March 31, 2024
(in USD thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature LLC	Sun Pharmaceutical Industries, Inc.	PI Real Estate Ventures, LLC	SP Housatonic LLC	SP Housatonic II LLC	SP Housatonic III LLC	Chattem Chemicals, Inc.
LIABILITIES AND SHAREHOLDERS' EQUITY									
Current liabilities									
Short-term borrowings	-	-	-	310,000	-	-	-	-	-
Income tax payable	-	(593)	-	6,536	-	-	-	-	1,049
Loan from Others	-	1,500	-	-	-	-	-	-	-
Accounts payable	653	9,208	-	113,916	-	-	-	-	2,828
Accrued expenses	413	13,124	-	242,297	-	-	-	-	2,395
Due to related parties	15,543	478,173	(12,640)	(116,486)	(24,099)	-	-	-	4,753
Advances from affiliates, current	-	-	-	6,884	-	-	-	-	-
Current portion of operating lease obligations	-	-	-	2,619	-	-	-	-	-
Current portion of finance lease obligations	-	-	-	4,176	-	-	-	-	-
Total current liabilities	16,610	501,412	(12,640)	569,943	(24,099)	-	-	-	11,025
Advances from affiliate, net of current portion	-	-	-	478,375	-	-	-	-	(17,754)
Allocation of income taxes (receivable) payable	-	-	-	-	-	-	-	-	-
Operating lease obligations, net of current portion	-	-	-	12,933	-	-	-	-	-
Finance lease obligations, net of current portion	-	-	-	5,768	-	-	-	-	-
Total liabilities	16,610	501,412	(12,640)	1,067,019	(24,099)	-	-	-	(6,729)
Shareholders' equity									
Common stock	12,761	239	-	-	-	-	-	-	-
Additional paid-in capital	28,390	18,453	50	520,093	9,002	1,102	780	184	34,433
Retained earnings	(415,894)	(395,869)	11,780	687,840	28,700	(28)	(20)	-	39,538
Total Controlling Interest	(374,743)	(377,177)	11,830	1,207,933	37,702	1,074	760	184	73,971
Non-controlling interest	(858)	-	858	-	-	-	-	-	-
Total shareholder's equity	(375,601)	(377,177)	12,688	1,207,934	37,702	1,074	760	184	73,971
Total liabilities and shareholder's equity	(358,992)	124,235	48	2,274,952	13,603	1,074	760	184	67,242

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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CONSOLIDATING BALANCE SHEET

As of March 31, 2024
(in USD thousands)

	DUSA Pharmaceuticals, Inc.	Taro Development Corporation	Concert Pharmaceuticals Securities Corp.	Concert Pharma Ireland Limited	Concert Pharma U.K. Ltd	Sun Pharmaceutical Holdings USA, Inc.	Consolidating Entries	Total
LIABILITIES AND SHAREHOLDERS' EQUITY								
Current liabilities								
Short-term borrowings	-	-	-	-	-	-	-	310,000
Income tax payable	-	-	-	-	-	(1,336)	-	5,656
Loan from Others	-	-	-	-	-	-	-	1,500
Accounts payable	-	-	-	-	-	-	(62)	126,543
Accrued expenses	-	-	-	-	-	-	-	258,229
Due to related parties	-	-	-	-	-	12,078	-	357,321
Advances from affiliates, current	-	-	-	-	-	-	-	6,884
Current portion of operating lease obligations	-	-	-	-	-	-	-	2,619
Current portion of finance lease obligations	-	-	-	-	-	-	-	4,176
Total current liabilities	-	-	-	-	-	10,742	(62)	1,072,928
Advances from affiliate, net of current portion	-	(5,620)	-	-	-	-	-	455,000
Allocation of income taxes (receivable) payable	-	-	-	-	-	-	-	-
Operating lease obligations, net of current portion	-	-	-	-	-	303	(303)	12,933
Finance lease obligations, net of current portion	-	-	-	-	-	-	-	5,768
Total liabilities	-	(5,620)	-	-	-	11,045	(365)	1,546,629
Shareholders' equity								
Common stock	-	-	-	0	0	-	(13,000)	0
Additional paid-in capital	-	-	-	-	-	543,880	(612,486)	543,880
Retained earnings	-	83,641	-	-	-	(23,413)	(47,655)	(31,378)
Total Controlling Interest	-	83,641	-	0	0	520,467	(673,141)	512,502
Non-controlling interest	-	-	-	-	-	1,597	22,472	24,069
Total shareholder's equity	-	83,641	-	0	0	522,064	(650,671)	536,571
Total liabilities and shareholder's equity	-	78,021	-	0	0	533,109	(651,036)	2,083,200

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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CONSOLIDATED STATEMENT OF INCOME (LOSS)

Year ended March 31, 2024
(in USD thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature LLC	Sun Pharmaceutical Industries, Inc.	PI Real Estate Ventures, LLC	SP Housatonic LLC	SP Housatonic II LLC	SP Housatonic III LLC	Chattem Chemicals, Inc.
Sales, net	-	120,672	-	1,291,151	-	-	-	-	58,148
Other operating revenue	-	-	-	(2,922)	3,000	-	-	-	-
Cost of goods sold	-	133,365	-	814,018	-	-	-	-	38,564
Selling, general and administrative expenses	3,746	9,373	-	368,396	1,787	28	20	-	9,404
Research and development costs	-	5,897	-	86,934	-	-	-	-	1,227
Gain on sale of intangible asset	-	-	-	-	-	-	-	-	-
Gain on disposal of property, plant, and equipment	-	(25)	-	(20)	-	-	-	-	-
Operating loss	(3,746)	(27,938)	-	18,901	1,213	(28)	(20)	-	8,953
Other (expense) income									
Interest expense	-	(50)	-	(65,356)	-	-	-	-	892
Dividend and interest income	-	-	-	13,941	-	-	-	-	226
Equity in (losses)/earnings from equity method investment	-	-	-	(3,303)	-	-	-	-	-
(Losses)/gains on equity securities	-	-	-	(26,058)	-	-	-	-	-
Equity in earnings from subsidiaries	(25,764)	-	-	81,355	-	-	-	-	-
Other income	-	-	-	7,791	-	-	-	-	594
Other (expense) income, net	(25,764)	(50)	-	8,370	-	-	-	-	1,712
(Loss)/income before income taxes	(29,510)	(27,988)	-	27,271	1,213	(28)	(20)	-	10,665
Income taxes (benefit)/provision	(162)	(2,224)	-	(21,731)	-	-	-	-	1,857
Net (loss)/income	(29,348)	(25,764)	-	49,002	1,213	(28)	(20)	-	8,808

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

CONSOLIDATED STATEMENT OF INCOME (LOSS)

Year ended March 31, 2024
(in USD thousands)

	DUSA Pharmaceuticals, Inc.	Taro Development Corporation	Concert Pharmaceuticals Securities Corp.	Concert Pharma Ireland Limited	Concert Pharma U.K. Ltd	Sun Pharmaceutical Holdings USA, Inc.	Consolidating Entries	Total
Sales, net	89,662	-	-	-	-	-	(70,986)	1,488,647
Other operating revenue	-	-	-	-	-	-	-	78
Cost of goods sold	1,513	-	-	-	-	-	(69,181)	918,279
Selling, general and administrative expenses	41,457	1,128	-	-	-	10	(3,668)	431,681
Research and development costs	893	-	-	-	-	-	-	94,951
Gain on sale of intangible asset	-	-	-	-	-	-	-	-
Gain on disposal of property, plant, and equipment	-	-	-	-	-	-	-	(45)
Operating loss	45,799	(1,128)	-	-	-	(10)	1,863	43,859
Other (expense) income								
Interest expense	(388)	-	-	-	-	9	-	(64,893)
Dividend and interest income	-	-	-	-	-	37	-	14,204
Equity in (losses)/earnings from equity method investment	-	42,056	-	-	-	-	-	38,753
(Losses)/gains on equity securities	-	-	-	-	-	-	-	(26,058)
Equity in earnings from subsidiaries	-	-	-	-	-	-	(55,591)	-
Other income	-	-	-	-	-	-	(6)	8,379
Other (expense) income, net	(388)	42,056	-	-	-	46	(55,597)	(29,615)
(Loss)/income before income taxes	45,411	40,928	-	-	-	36	(53,734)	14,244
Income taxes (benefit)/provision	6,154	8,832	-	-	-	-	(367)	(7,641)
Net (loss)/income	39,257	32,096	-	-	-	36	(53,367)	21,885

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

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Year ended March 31, 2024
(in USD thousands)

	Ranbaxy, Inc.	Ohm Laboratories, Inc.	Ranbaxy Signature LLC	Sun Pharmaceutical Industries, Inc.	PI Real Estate Ventures, LLC	SP Housatonic LLC	SP Housatonic II LLC	SP Housatonic III LLC	Chattem Chemicals, Inc.
Balance, March 31, 2023	(346,253)	(351,413)	12,688	834,867	36,489	1,102	780	184	65,163
Incorporation/Acquisition	-	-	-	324,064	-	-	-	-	-
Dissolution	-	-	-	-	-	-	-	-	-
Net income	(29,348)	(25,764)	-	49,002	1,213	(28)	(20)	-	8,808
Non-controlling Interest	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-
Balance, March 31, 2024	(375,601)	(377,177)	12,688	1,207,934	37,702	1,074	760	184	73,971

Sun Pharmaceutical Holdings USA, Inc. and Subsidiaries
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CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Year ended March 31, 2024
(in USD thousands)

	DUSA Pharmaceuticals, Inc.	Taro Development Corporation	Concert Pharmaceuticals Securities Corp.	Concert Pharma Ireland Limited	Concert Pharma U.K. Ltd	Sun Pharmaceutical Holdings USA, Inc.	Consolidating Entries	Total
Balance, March 31, 2023	284,807	51,545	66,749	0	0	522,028	(664,049)	514,686
Incorporation/Acquisition	(324,064)	-	-	-	-	-	-	-
Dissolution	-	-	(66,749)	-	-	-	66,749	-
Net income	39,257	32,096	-	-	-	36	(53,367)	21,885
Non-controlling Interest	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Balance, March 31, 2024	-	83,641	-	0	0	522,064	(650,668)	536,571