Zydus Pharmaceuticals (USA) INC.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2026 and 2025

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ZYDUS PHARMACEUTICALS (USA) INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder's
of Zydus Pharmaceuticals (USA) Inc.

Opinion

We have audited the accompanying consolidated financial statements of Zydus Pharmaceuticals (USA) Inc. (a New Jersey Corporation) and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2026 and 2025, and the related consolidated statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zydus Pharmaceuticals (USA) Inc. and subsidiaries as of March 31, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Zydus Pharmaceuticals (USA) Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Zydus Pharmaceuticals (USA) Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Zydus Pharmaceuticals (USA) Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ram Associates

Ram Associates

Hamilton, NJ

May 18, 2026

ZYDUS PHARMACEUTICALS (USA) INC.
Consolidated Balance Sheets
March 31,

(all in thousands except shares)

	2026	2025
ASSETS		
Current assets :		
Cash	$ 2,072	$ 203,267
Accounts receivable	245,408	199,373
Inventories	402,774	574,547
Prepaid expenses	38,353	4,304
Other current assets	23,137	23,972
Total current assets	711,744	1,005,463
Fixed assets, net	98,805	6,454
Land	3,900	-
Intangible assets, net	90,126	84
Operating lease right-of-use asset	58,816	180
Deferred tax assets	82,002	80,098
Other assets	200,771	141,078
TOTAL ASSETS	**$ 1,246,164**	**$ 1,233,357**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities :		
Line of credit	$ 115,128	$ -
Accounts payable	630,069	775,569
Accrued expenses	161,638	181,931
Loan from group companies	-	62,500
Current portion of operating lease	3,885	182
Total current liabilities	910,720	1,020,182
Long-term liabilities :		
Loan from parent	110,000	110,000
Operating lease - net of current portion	55,175	-
Contingent consideration	37,478	-
Total current and long-term liabilities	1,113,373	1,130,182
Stockholders' equity		
Common stock, $1 per share par value - 3,000,000 shares authorized, issued and outstanding	3,000	3,000
Retained earnings	157,791	128,175
Treasury stock, at cost 700,000 shares - March 31, 2026 and 2025	(28,000)	(28,000)
Total stockholders' equity	**132,791**	**103,175**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,246,164**	**$ 1,233,357**

-see accompanying notes to consolidated financial statements-

ZYDUS PHARMACEUTICALS (USA) INC.
Consolidated Statements of Income / (Operations)
For the years ended March 31,

(all in thousands except shares)

	2026	2025
Net revenue	$1,151,889	$1,188,084
Cost of sales	1,013,846	1,081,151
Gross profit	**138,043**	**106,932**
Operating expenses:		
General and administrative expenses	100,465	93,689
Depreciation	2,510	1,289
Amortization	6,009	29
Total operating expenses	108,983	95,007
Operating income before other income and (expense)	**29,059**	**11,926**
Other income and (expense):		
Interest income	15,542	13,160
Interest expense	(6,482)	(14,127)
Total other income and (expense)	**9,060**	**(967)**
Net income (loss) before income tax	**38,119**	**10,959**
Income taxes:		
Federal income tax	(9,430)	(18,550)
State income tax	(977)	(613)
Deferred income tax	1,904	16,574
Income taxes	(8,503)	(2,589)
Net income (loss)	**$ 29,616**	**$ 8,370**

-see accompanying notes to consolidated financial statements-

ZYDUS PHARMACEUTICALS (USA) INC.

Consolidated Statement of Changes in Stockholders' Equity

For the years ended March 31, 2026 and 2025

(all in thousands except shares)

	Common Stock		Retained earnings	Treasury stock		Total stockholders' equity
	Number of shares	Amount		Number of treasury stocks	Amount	
Balance at March 31, 2024	3,000,000	$ 3,000	$ 119,805	(700,000)	$ (28,000)	$ 94,805
Net income			8,370			8,370
Balance at March 31, 2025	3,000,000	$ 3,000	$ 128,175	(700,000)	$ (28,000)	$ 103,175
Net income			29,616			29,616
Balance at March 31, 2026	3,000,000	$ 3,000	$ 157,791	(700,000)	$ (28,000)	$ 132,791

-see accompanying notes to consolidated financial statements-

ZYDUS PHARMACEUTICALS (USA) INC.
Consolidated Statements of Cash Flows
For the years ended March 31,

(all in thousands except shares)

	2026	2025
Cash flows from operating activities		
Net income/(loss)	$ 29,616	$ 8,370
Adjustment to reconcile net income to net cash provided by		
(used in) operating activities		
Depreciation and amortization	8,519	1,318
Deferred income taxes	(1,904)	(16,574)
Amortization of right-of-use assets	242	-
Changes in assets and liabilities :		
(Increase) / decrease in :		
Accounts receivable	(46,035)	187,551
Inventory	171,773	(292,649)
Prepaid expenses	(34,049)	(906)
Other current assets	835	(5,995)
Other assets	(59,693)	3,038
Increase / (decrease) in :		
Accounts payable	(145,500)	380,699
Accrued expenses	(20,293)	40,419
Net cash provided by (used in) operating activities	(96,490)	305,270
Cash flows from investing activities		
Increase in fixed assets	(98,761)	(113)
Increase in intangible assets	(96,051)	-
Net cash provided by (used in) investing activities	(194,812)	(113)
Cash flows from financing activities		
Increase in line of credit	115,128	-
Decrease in loan from group companies	(62,500)	(107,500)
Contingent consideration	37,478	-
Net cash provided by (used in) investing activities	90,106	(107,500)
Net increase (decrease) in cash and cash equivalents	(201,195)	197,657
Cash and cash equivalent at the beginning of the year	203,267	5,610
Cash and cash equivalent at the end of the year	**$ 2,072**	**$203,267**
Supplementary disclosure of cash flows information:		
Cash paid during the years for:		
Income taxes	$ 22,825	$ 22,381
Interest	6,479	13,294

-see accompanying notes to consolidated financial statements-

1) Organization and Description of Business

Zydus Pharmaceuticals (USA) Inc ("the Company") was incorporated in New Jersey on November 18, 2003 and is a 100% subsidiary of Zydus Lifesciences Limited, India, ("Zydus Life", "the Parent").

The Company markets and distributes Generic and Authorized Generic pharmaceutical products in the United States of America. The Company also markets and distributes products manufactured by third parties.

The corporate office of the Company is located at Pennington, New Jersey. The building is owned by Zydus Healthcare (USA) LLC ("Zydus Healthcare"), a related party.

ZyVet Animal Health Inc.

ZyVet Animal Health Inc ("ZyVet") which is a 100% subsidiary of the Company was formed in the State of New Jersey on April 9, 2019 to market and distribute pharmaceutical products for animal consumption.

Zylidac Bio LLC

Zylidac Bio LLC ("Zylidac"), a wholly owned subsidiary of the Company, was formed in the State of Delaware on July 11, 2025. Zylidac was established to acquire biologics manufacturing facilities in California and to support the Company's entry into the commercial contract development and manufacturing organization ("CDMO") business. See note 3 for further discussion.

2) Summary of Significant Accounting Policies

Basis of consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its Subsidiaries. All significant related party accounts and transactions between the Company and the Subsidiaries have been eliminated upon consolidation. Previous year's numbers are regrouped wherever necessary.

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP); consequently, revenue is recognized when services are rendered, and expenses are reflected when costs are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenue and expenses, and related disclosures in the consolidated financial statements and accompanying notes. These estimates are often based on historical experience and on assumptions believed to be reasonable under the circumstances. As a result, actual result could differ from those estimates.

Cash and cash equivalents

The Company considers all highly-liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Accounts receivable

The Company extends credit to clients based upon management's assessment of their creditworthiness on an unsecured basis. Accounts receivable are recorded net of customer allowances for distribution fees, prompt payment discounts, chargebacks, and credit losses. Allowances for distribution fees, prompt payment discounts and chargebacks are based on contractual terms. The Company estimated the current expected credit losses of its accounts receivable by assessing the risk of loss and available relevant information about the collectability, including historical credit losses, existing contractual payment terms, actual payment patterns of its customers, individual customer circumstances, and reasonable and supportable forecast of economic conditions expected to exist throughout the contractual life of the receivable. Based on its assessment, as of March 31, 2026 and 2025, the Company has determined and provided $192 and $0 respectively, for an allowance for credit loss.

The Company has entered into receivables purchase agreement with a bank to purchase the receivables of few customers up to a maximum amount of $150 Million. The purchase price for Purchased Receivables purchased on any Purchase Date shall equal (i) the aggregate Net Invoice Amount of such Purchased Receivables (the "Aggregate Net Invoice Amount") *minus* (ii) the Discount Margin (such amount herein referred to as the "Purchase Price"). The discount rate for the outstanding purchase price will vary between applicable discount rate plus a pre-determined margin. As of March 31, 2026 and 2025 the outstanding amount of $61,309 and $140,020 respectively has been adjusted against receivable of the respective customers.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a moving weighted average basis. The Company establishes reserves for its inventory to reflect situations in which the cost of the inventory is not expected to be recovered. In evaluating

(In thousands except share and per share data)

whether inventory is stated at the lower of cost or net realizable value, management considers such factors as the amount of inventory on hand; estimated time required to sell such inventory, remaining shelf life and current and expected market conditions, including level of competition. As of March 31, 2026 and 2025, provisions for the inventory reserves were $17,681 and $23,043, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss if any. The Company provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives by major asset category are as follows:

Buildings	25 years
Leasehold Improvement	21-40 years
Manufacturing and office equipment and machinery	4-20 years
Computer software and equipment	3-7 years
Furniture and fixtures	5 years

Leasehold improvements are amortized over the shorter of the non-cancelable term of the leases or their economic useful lives. The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

Intangible assets

The Company amortize intangible assets with finite lives on a straight-line basis over their estimated useful lives. Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable. Based on the evaluation of intangible assets completed during the years ended March 31, 2026 and 2025, no impairment was recorded.

Impairments

The Company periodically evaluates whether changes in facts and circumstances indicate that the carrying amounts of long-lived assets might not be recoverable. Impairment is determined to exist when the carrying amount exceeds the estimated future undiscounted cash flows associated with the asset over its estimated remaining economic life (fair value). Fair value is determined using the market, income, or cost approaches as appropriate for the asset. The estimated remaining economic life of product rights and other related intellectual property rights is subject to change in the near term based on, among other things, third-party generic competition, regulatory changes, the reliability of future product supply, competition from products prescribed for similar indications, physician loyalty, and promotional efforts or lack thereof. If an asset is impaired, an impairment loss is recognized based on the excess of the asset's carrying amount over its estimated fair value. Any write-downs are treated as

permanent reductions in the carrying amount of the asset and recognized as an operating loss.

Management judgment is involved in estimating the recoverability of these assets and is dependent upon the accuracy of the assumptions used in making these estimates, as well as how the estimates compare to the eventual future operating performance of the intangible assets. The Company has not recorded impairment for the years ended March 31, 2026 and 2025.

Acquisitions

The Company accounts for acquisitions of an asset or group of similar identifiable assets that do not meet the definition of a business as asset acquisition using the cost accumulation method, whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of their relative fair values. Contingent consideration is included within the acquisition cost and is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value at each reporting date until the contingent consideration is paid and changes in its fair value are recognized in earnings.

Operating Lease

The Company assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The lease terms include options to extend the leases when it is reasonably certain that the Company will exercise that option. These operating leases contain renewal options for periods ranging from three to five years that expire at various dates with no residual value guarantees. Future obligations relating to the exercise of renewal options is included in the measurement if, based on the judgment of management, the renewal option is reasonably certain to be exercised. Factors in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of leasehold improvements, the value of the renewal rate compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option is not exercised. The exercise of lease renewal options is at the Company's sole discretion.

The Company uses the implicit rate when it is readily determinable. Since the Company's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Company's incremental borrowing rate based on the information available at lease commencement.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

Income taxes

Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement carrying amount and the tax basis of assets and liabilities and are measured using enacted tax rates and laws in effect for the years in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is more-likely-than-not that a portion of the deferred tax assets will not be realized. The benefits of a tax position is recognized if it is more-likely-than-not of being sustained. A recognized tax benefit is then measured as the largest amount of tax benefit that is greater than fifty percent likely of being realized upon settlement. Interest and penalties related to income taxes are recorded as general and administrative expenses.

Contingencies

The Company is involved in product liabilities, government investigation and other legal proceedings that arise from time to time in the ordinary course of business. The Company records accruals for these types of contingencies to the extent that the Company determines their occurrence is probable and that the related liabilities are estimable. When accruing these costs, the Company will recognize an accrual of best estimable amount based on the data and knowledge available. Legal fees and other expenses related to litigation are expensed as incurred and included in selling, general and administrative expenses.

Revenue Recognition

Product Sales, Net

The Company recognizes revenue from product sales when obligations under the terms of a

contract with the customer are satisfied; generally, this occurs with the transfer of control of the goods to customers.

A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, 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 will be entitled in exchange for the goods or services that will be transferred to the customer.

The amount of consideration to which the Company expects to be entitled varies as a result of rebates, chargebacks, returns and other sales reserves and allowances ("SR&A") that the Company offers to 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 by the Company 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 the Company believes approximates expected value). Rebates and chargebacks are the largest components of SR&A. For further description of SR&A components and how they are estimated, see "Variable Consideration" below.

Revenue from Distribution Agreements

From time to time, the Company may enter into marketing and distribution agreements with third parties in which products are sold under Abbreviated New Drug Applications ("ANDAs") or New Drug Applications ("NDAs") owned or licensed by third parties. These products are sold under the Zydus label. The Company controls the products sold under these marketing and distribution agreements and therefore is the principal for sales under each of these marketing and distribution agreements. As a result, revenue is recognized on a gross basis when control has passed to the customer and the performance obligation has been satisfied. Under these agreements, the Company pays third parties a specified percentage of the gross profit earned on sales of the products.

Contract Research and Manufacturing Services Revenue

The Company derives revenues from Contract research and manufacturing services. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are

either on a time-and-material basis or fixed price.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenue from contracts are recorded net of allowances for estimated rebates and cash discounts, as per contractual terms.

Revenues relating to fixed price contracts are recognised based on the milestones completion and for manufacturing services (large molecules) revenue is recognised based on the percentage of completion method determined based on cost incurred as a proportion to total estimated cost.

The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known.

Contract manufacturing arrangements consist of agreements in which pharmaceutical products are manufactured by the Company on behalf of a third party. The performance obligation is to manufacture and provide pharmaceutical products to customers, typically pharmaceutical companies. The products are sold at predetermined standalone selling prices and the performance obligation is considered to be satisfied when control of the product is transferred to the customer. Control is transferred to the customer when the product leaves the shipping dock to be shipped to the customer, and the inventory risk and risk of ownership passes to the customer at that time. Typically, there are no material returns for contract manufactured products.

Variable consideration

Variable consideration mainly includes SR&A, comprised of rebates (including Medicaid and other governmental program discounts), chargebacks, returns and other promotional (including shelf stock adjustments) items. All variable considerations except Medicaid and returns are netted against trade receivables. The Company recognizes these provisions at the time of sale and adjusts them if the actual amounts differ from the estimated provisions. The following describes the nature of each deduction and how provisions are estimated:

Chargebacks

The Company has agreements with certain indirect customers, such as independent pharmacies, retail pharmacy chains, managed care organizations, hospitals, governmental agencies and pharmacy benefit managers, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, certain wholesalers may enter into agreements with indirect customers that establish contract pricing for certain products, which the wholesalers provide. Under either arrangement, the Company will provide credit to the

wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credits are called chargebacks. The provision for chargebacks is based on expected sell-through levels by the wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels at a given date.

Rebates, promotional programs and other sales allowances

This category includes rebates and other programs to assist in product sales. These programs generally provide that the customer receives credit directly related to the amount of purchases or credits upon the attainment of pre-established volumes. Also included in this category are prompt pay discounts, administrative fees and price adjustments to reflect decreases in the selling prices of products. Since these rebates and allowances are contractually agreed upon, they are estimated based on the specific terms in each agreement based on historical trends and expected sales. Externally obtained inventory levels are evaluated in relation to estimates made for rebates payable to indirect customers.

Medicaid and Other Governmental Rebates

Pharmaceutical manufacturers whose products are covered by Medicaid, Medicare and other Government programs are required to provide a rebate to each state as a percentage of their average manufacturer's price for the products dispensed. Many states have also implemented supplemental rebate programs that obligate manufacturers to pay rebates in excess of those required under federal law. The Company estimates these rebates based on historical trends of rebates paid, as well as on changes in wholesaler inventory levels and increases or decreases in sales.

Shelf Stock Adjustments

The custom in the pharmaceutical industry is generally to grant customers a shelf stock adjustment based on the customers' existing inventory contemporaneously with decreases in the market price of the related product. The most significant of these relate to products for which an exclusive or semi-exclusive period exists. Provisions for price reductions depend on future events, including price competition, new competitive launches and the level of customer inventories at the time of the price decline. The Company regularly monitors the competitive factors that influence the pricing of its products and customer inventory levels and adjust these estimates where appropriate.

Returns

Returns primarily relate to customer returns of expired products which the customer has the right to return six months before and up to one year following the expiration date. Such returned products are destroyed, and credits and/or refunds are issued to the customer for the value of the returns. Accordingly, no returned assets are recorded in connection with those products. The returns provision is estimated by applying a historical return rate to the amounts

(In thousands except share and per share data)

of revenue estimated to be subject to returns. Revenue subject to returns is estimated based on the lag time from time of sale to date of return. The estimated lag time is developed by analyzing historical experience. Additionally, the Company considers specific factors, such as estimated levels of inventory in the distribution channel, product dating and expiration, size and maturity of launch, entrance of new competitors, changes in formularies and any changes to customer terms, for determining the overall expected levels of returns.

Accounts receivable balances in the Company's consolidated financial statements are presented net of SR&A (Sales Related Allowances) estimates. SR&A balances in accounts receivable were $316,141 and $288,788 on March 31, 2026 and 2025, respectively. SR&A balances within accounts payable and accrued expenses were $99,311 and $105,364 on March 31, 2026 and 2025, respectively.

The movements in the SRA reserve balances were as follows during the years ended March 31,

	2026	2025
Balance at the beginning of the year	$ **394,152**	**$ 326,529**
Accrual to reduce gross sales to net sales	2,394,326	2,364,372
Payments and other	(2,373,025)	(2,296,749)
Balance at the end of the year	**$ 415,452**	**$ 394,152**

The SRA accruals recorded to reduce gross product sales to net product sales were as follows for the years ended March 31,

	2026	2025
Gross product sales	$ 3,540,777	$ 3,552,456
Accruals to reduce gross sales to net sales	(2,394,326)	(2,364,372
Net product sales	**$ 1,146,452**	**$ 1,188,084**
Percentage of SRA accruals to gross sales	*68 %*	*67%*

The SRA accruals increased as compared to previous year primarily due to change in wholesale and retail sale as a percentage of total sale during 2025-26.

Concentration

Financial instruments that potentially subject the Company to concentration of credit risk are primarily cash and cash equivalents and trade accounts receivable. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk. As of March 31, 2026 and 2025, the Company had $1,564 and $198,746, respectively, of uninsured cash balances.

Concentration of credit risks with respect to accounts receivable is limited because of the credit worthiness of the Company's major customers. The majority of the Company's accounts receivable arise from product sales in the United States and are primarily due from drug wholesalers and retailers, distributors and pharmacy benefit managers. The Company monitors the financial performance and creditworthiness of its customers so that it can properly assess and respond to changes in their credit profile. Revenue from the Company's three major customers represented approximately 57% and 55% of the Company's net revenue for the years ended March 31, 2026 and 2025, respectively. Accounts receivable from the top three customers represented approximately 61% and 49% of total accounts receivable as of March 31, 2026 and 2025, respectively.

Advertising expenses

The Company expenses advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3) Asset Acquisition

Zylidac entered into an Asset Purchase Agreement, pursuant to which, on the January 15, 2026 ("Closing Date) to acquire two biological manufacturing facilities in the State of California from Agenus Inc and Agenus West, LLC ("Agenus") for $75 million in cash consideration and $50 million in contingent consideration payable upon satisfaction of commercial commitments by Agenus. Pursuant to the Asset Purchase Agreement, the Company acquired substantially all of the assets comprising the manufacturing operations run primarily by Agenus West including without limitation real estate, equipment's and certain assumed contracts of biologics manufacturing facilities. The transaction includes two sites located at Emeryville and Berkeley, California.

Emeryville facility is an end-to-end development and clinical and commercial offering cell line development, banking and storage, upstream and downstream process development, analytical and formulation development, labelling and packaging, release and stability testing and warehousing and distribution. Berkeley facility is clinical facility offering upstream process development, potential for analytical and quality control operations, cell banking and storage and drug substance manufacturing.

The transaction was accounted for as an asset acquisition in accordance with ASC Topic 805, *Business Combinations*, whereby the purchase price is allocated to the assets acquired and liabilities assumed based on the relative fair values as of the Closing Date. The fair value determinations were carried out by independent third-party valuation experts.

(In thousands except share and per share data)

The Contingent consideration is payable over three measurement periods based on the future events agreed among the parties. These payments are contingent upon the achievement of agreed targets. The Company determined the acquisition date fair value of the contingent consideration obligation based on estimated revenue earnouts and a probability assessment with respect to the likelihood of achieving the revenue targets. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in fair value measurement accounting. At each reporting date, the Company will revalue the contingent consideration obligation to estimated fair value and record changes in fair value as income or expense in the Company's consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of estimated revenue earnouts and changes in probability assumptions with respect to the likelihood of achieving the various revenue targets.

The following table presents purchase price allocation as per the valuation report:

Land	$	3,900
Building		4,360
Leasehold Improvements		53,925
Computers		72
Furniture and Fixtures		1,630
Plant and Machinery		34,388
Customer Related Intangible		15,436
Goodwill		5,615
Fixed Assets in progress		428
Total	$	119,754

4) Merger of Subsidiary

Nesher a 100% subsidiary of the Company, manufactured five products including a product on contract basis until September 2021. The operations of Nesher was discontinued effective from September 2021. Nesher's both manufacturing facilities in St. Louis, Missouri were sold on April 6, 2022. The vacant land adjacent to the manufacturing facility was sold on June 29, 2022. The remaining building situated in St. Louis, Missouri was sold on January 6, 2024 and Nesher was merged with Zydus Pharmaceuticals USA Inc. on October 25, 2024.

5) Property and Equipment

Consolidated property and equipment consisted of the following on March 31,

(In thousands except share and per share data)

	2026	2025
Computer and Equipment	$ 720	$ 591
Furniture and Fixtures	3,062	1,433
Computer Software	9,156	9,156
Office Equipment	70	70
Leasehold Improvements	56,575	2,650
Land Improvement	187	187
Land	3,900	-
Machinery & Equipment	34,388	-
Building	4,360	-
Fixed Assets in progress	433	3
Gross Fixed Assets	112,851	14,090
Less: Accumulated Depreciation	10,146	7,636
Net Fixed Assets	$ 102,705	$ 6,454

Depreciation expenses during the years ended March 31, 2026 and 2025 were $2,510 and $1,289 respectively.

6) Intangible assets

Intangible assets consisted of the following at March 31,

	2026	2025
Logo	$ 211	$ 211
Customer related tangibles (Note 3)	15,436	-
Goodwill	5,615	-
Commercial Rights (Note 14)	75,000	-
Accumulated amortization	(6,137)	(127)
Total	$ 90,125	$ 84

Amortization expense during the years ended March 31, 2026 and 2025 were $ 6,009 and $ 29. Estimated amortization expenses for intangible assets for each of the next five years are as follows:

Period ending March 31,	
2027	$ 47,208
2028	24,132
2029	1,036
2030	1,029
Therafter,	11,105
Total	$ 84,510

(In thousands except share and per share data)

7) Other assets

Other current assets represent the amount that was paid in advance towards federal and state taxes. The balance in other assets includes loan and advances to Zydus Healthcare (USA) LLC., Sentynl Therapeutics Inc., Zydus Therapeutics Inc., Zydus Pharmaceuticals Canada and Viona Pharmaceuticals Inc., which are related parties. The Company charges interest at arm's length rates on these loans given to related parties. Loan and advances outstanding were as follows for the years ended March 31,

	2026	2025
Zydus Healthcare (USA) LLC.	$ 500	$ 2,500
Sentynl Therapeutics Inc.	34,500	32,000
Zydus Therapeutics Inc.	141,395	94,967
Zydus Pharmaceuticals Canada	1,400	600
Viona Pharmaceuticals Inc.	22,976	11,011
Total	$ 200,771	$ 141,078

8) Line of Credits

i) Loan from Bank of America

The Company has two uncommitted line of credit of $90,000 with Bank of America. The facilities will bear interest at secured overnight financing rate ('SOFR') plus 90 points. For the years ended March 31, 2026 and 2025 the outstanding loan amounts were $ 90,000 and $ Nil respectively, which is payable on demand. Both the facilities mature on September 30, 2026. Zydus Life has provided corporate guarantee for this loan.

ii) Loan from J. P. Morgan

The Company has an uncommitted line of credit of $ 50,000 with J. P. Morgan. The facility will bear interest at secured overnight financing rate ('SOFR') plus 70 points. For the years ended March 31, 2026 and 2025 the outstanding loan amounts were $ 25,128 and $ Nil respectively, which is payable on demand. Zydus Life has provided corporate guarantee for this loan.

9) Accrued expenses

Accrued expenses represent amounts accrued towards various expenses outstanding at the end of year. It also includes $ 99,311 and $ 105,364 respectively, for the years ended March 31, 2026 and 2025 towards Medicaid, Medicare, Tricare, Brand prescription fees, Product Returns, etc. accrued for different state and federal programs.

10) Loan from Group Companies

i) Loan from Zydus Lifesciences Limited.

(In thousands except share and per share data)

The Company entered in to loan agreement for $170,000 with the parent company Zydus Lifesciences Limited. For the years ended March 31, 2026 and 2025 the outstanding loan amount was $110,000 and $110,000 respectively. The Company has paid interest at the applicable arm's length rate.

ii) Loan from Zydus International Private Limited.

The Company entered in to short-term loan agreement for $115,000 with the related company Zydus International Private Limited. For the years ended March 31, 2026 and 2025 the outstanding loan amount was $ NIL and $62,500 respectively. The Company has paid interest at the applicable arm's length rate.

11) Employee Benefit Plan

The Company participates in a savings plan under section 401(k) of the Internal Revenue Code (Code) covering all eligible employees. The plan provides that the Company can make matching contributions, which is equivalent to the employee's contributions subject to a maximum of 5% of the gross pay of the employee subject to Federal limits. All qualifying matching contributions are 100% vested at the completion of five years of service by an employee and are subject to certain withdrawal restrictions. For the years ended March 31, 2026 and 2025, the Company's contribution to the plan, were $ 857 and $ 779 respectively.

The Company has a deferred compensation plan in which certain key employees are eligible to participate. The plan allows each participant to accrue deferred compensation equal to their share, as further defined in the plan agreement, of annual net revenue growth measured against previous year annual net revenue. For example, the computation of deferred compensation for the year 2024 is based on the growth in annual net revenue for the year 2024 compared with the year 2023. The deferred liability for each participant vests equally over five-year period and vested amount is paid out at the end of the following year. The participant must be employed at the Company in order to be eligible for vesting and subsequent payment. If the participants employment is terminated any unvested amounts are forfeited. The Company may have an exception to this rule at its sole discretion. The Company accounts for the deferred compensation asset separately from the liability.

Deferred compensation payment for each of the next five years are expected to be as follows:

Period ending March 31,		
2027	$	3,008
2028		3,038
2029		2,689
2030		1,399
2031		315
Total	**$**	**10,479**

(In thousands except share and per share data)

12) Segment Information

The Company has one Geographical segment which is Unites Sates of America. The Company has two reportable segment which are Human Health and Animal Health. Relevant information regarding both segments are as under as of March 31,

Particulars	2026	2025
Segment Revenue		
Human Health	$ 1,131,614	$ 1,166,087
Animal Health	20,275	21,997
Total revenue from continuing operations	$ 1,151,889	$ 1,188,084
Segment Results		
Human Health	$ 37,881	$ 10,431
Animal Health	238	528
Total profit before tax	$ 38,119	$ 10,959
Segment Assets		
Human Health	$ 1,238,357	$ 1,222,137
Animal Health	7,807	11,220
Total Assets	$ 1,246,164	$ 1,233,357
Segment Liabilities		
Human Health	$ 1,103,658	$ 1,121,122
Animal Health	9,715	9,060
Total Liabilities	$ 1,113,373	$ 1,130,182

13) Related Party Transactions

Name of the Related Parties and the Nature of the Relationship:

a. Related entities (with whom transactions have taken place during the period)

Zydus Lifesciences Limited (Parent)

Fellow Subsidiaries:

Zydus International Private Limited	Zydus Therapeutics Inc
Zynext Ventures USA LLC	Zydus Animal Health and Investments Limited
Sentynl Therapeutics Inc	Zydus Lifesciences Global FZE
Viona Pharmaceuticals Inc	Zydus Pharmaceuticals (Canada) Inc
Zydus Healthcare (USA) LLC	Zydus Worldwide DMCC

(In thousands except share and per share data)

b. Enterprises significantly influenced by Directors and/or their relatives with whom transactions have taken place:

NAI Laboratories Limited

Navinta III, Inc

Navinta LLC

Navinta NV, Inc

Mahadev Management Inc

The following transactions were carried out with the related parties in the ordinary course of business for the year ended March 31,

Nature of Transactions	2026	2025
Purchases:		
Goods		
Zydus Lifesciences Limited	$ 645,286	$ 1,198,622
Zydus Worldwide DMCC	15,940	7,301
Zydus Animal Health and Investments Limited	11,337	22,561
Navinta NV, Inc	4,554	3,876
Navinta LLC	4,335	2,956
Navinta III, Inc	1,925	1,463
NAI Laboratories Limited	1,157	1,170
Zydus Lifesciences Global FZE	71,682	103,061
Total	$ 756,216	$ 1,341,010
Lease		
Zydus Healthcare (USA) LLC	$ 453	$ 440
Total	$ 453	$ 440
Management Consultancy Services		
Mahadev Management Inc	$ -	$ 863
Total	$ -	$ 863
Reimbursement of Net Expenses Paid		
Navinta LLC	$ 206	$ 211
Zydus Healthcare (USA) LLC	-	3
Total	$ 206	$ 214
Services		
Zydus Lifesciences Limited	$ 436	$ 364
Total	$ 436	$ 364

(In thousands except share and per share data)

Sales:

Reimbursement of Net Expenses Recovered		
Zydus Lifesciences Limited	$ 20,981	$ 9,420
Zydus Worldwide DMCC	2,038	9,033
Zydus Animal Health and Investments Limited	2,225	1,471
Viona Pharmaceuticals Inc	69	592
Sentynl Therapeutics Inc	18	28
Zydus Healthcare (USA) LLC	61	-
Zydus Lifesciences Global FZE	2,540	2,797
Zynext Ventures USA LLC	2	-
Zydus Therapeutics Inc	7	-
Zydus Pharmaceuticals (Canada) Inc	2	5
Total	$ 27,943	$ 23,346
Services		
Viona Pharmaceuticals Inc	$ 314	$ 60
Zydus Therapeutics Inc.	278	-
Zydus Pharmaceuticals (Canada) Inc.	163	-
Sentynl Therapeutics Inc	144	72
Zydus Healthcare (USA) LLC.	16	-
Zydus Lifesciences Limited	5,437	
Total	$ 6,352	$ 132

Finance:

Interest Expense		
Zydus Lifesciences Limited	$ 5,069	$ 7,661
Zydus International Private Limited	254	6,456
Total	$ 5,323	$ 14,117
Interest Income		
Sentynl Therapeutics Inc	$ 1,491	$ 3,454
Zydus Therapeutics Inc	5,298	4,056
Viona Pharmaceuticals Inc	657	455
ZyNext Ventures (USA) LLC.	118	-
Zydus Healthcare (USA) LLC	71	150
Zydus Pharmaceuticals (Canada) Inc.	57	9
Total	$ 7,692	$ 8,124

Outstanding:

Payable: Loans		
Zydus Lifesciences Limited	$ 110,000	$ 110,000
Zydus International Private Limited	-	62,500
Total	$ 110,000	$ 172,500

(In thousands except share and per share data)

Payable: Other than loans		
Zydus Lifesciences Limited	$ 609,948	$ 713,099
Zydus Worldwide DMCC	7,825	-
Zydus Animal Health and Investments Limited	2,632	8,123
Navinta NV, Inc	149	1,041
NAI Laboratories Limited	245	185
Navinta LLC	58	543
Zydus International Private Limited	-	898
Navinta III, Inc	-	4
Zydus Lifesciences Global FZE	4,986	50,954
Total	$ 625,843	$ 774,847
Receivable: Loan		
Sentynl Therapeutics Inc	$ 34,500	$ 32,000
Zydus Therapeutics Inc	141,395	94,967
Viona Pharmaceuticals Inc	22,976	11,011
Zydus Healthcare (USA) LLC	500	2,500
Zydus Pharmaceuticals (Canada) Inc.	1,400	600
Total	$ 200,771	$ 141,078
Receivable: Other than loans		
Zydus Worldwide DMCC	$ -	$ 3,371
Sentynl Therapeutics Inc	407	381
Zydus Therapeutics Inc	590	385
Viona Pharmaceuticals Inc	198	98
Zynext Ventures USA LLC	2	-
Zydus Pharmaceuticals (Canada) Inc	38	7
Zydus Healthcare (USA) LLC	18	13
Total	$ 1,253	$ 4,255

14) Commitments, Contingencies, and Legal Proceedings

Product Liability:

The Company records accruals for loss contingencies, including product liability and other legal matters, on an undiscounted basis when it is probable that a liability has been incurred and the amount can be reasonably estimated based on available information. Such accruals are adjusted periodically as additional information becomes available. The Company is from time to time subject to claims, lawsuits, and other legal proceedings arising in the ordinary course of business, including product liability, patent, and other litigation. In evaluating whether a liability should be recognized, management considers the allegations, the likelihood of a successful defense, and whether a loss is probable and reasonably estimable. Because litigation outcomes are inherently uncertain and may involve complex judgments, actual results may differ from current estimates. The Company is involved in product liability lawsuits related to

alleged personal injuries arising from products distributed by the Company and believes it has meritorious defenses to such matters. For the years ended March 31, 2026 and 2025, no accruals for product liability were recorded. Zydus Life, the parent company, reimburses product liability-related expenses incurred by the Company in connection with claims on products sourced from it.

Generic Products Pricing Antitrust Litigation

In late 2016, a union health and welfare fund filed two actions against the Company and other generic drug companies in the U.S. District Court for the Eastern District of Pennsylvania. These actions alleged conspiracies to fix prices or allocate markets for two drugs (divalproex and pravastatin) in violation of federal and state antitrust laws. Subsequently, these and the other actions detailed below have been coordinated in a multi-district litigation in the Eastern District of Pennsylvania. Ultimately, putative classes of direct purchasers, end payors, and indirect resellers each filed multiple actions in which the Company is named as one of several defendants: (i) an action alleging a conspiracy to fix prices or allocate markets for pravastatin, (ii) an action to fix prices or allocate markets for divalproex, and (iii) an action alleging both a conspiracy to fix prices or allocate markets for a third drug (acetazolamide) as well as an "overarching," industry-wide conspiracy. In June 2018, Connecticut and other states filed a complaint against the Company and other defendants alleging a number of individual-drug conspiracies (including acetazolamide for the Company) as well as an "overarching" conspiracy. Several opt-out plaintiffs have filed complaint as well, and the claims in these complaints track the claims outlined above. In May 2019, Connecticut and other states filed a second complaint against the Company and other defendants. That complaint alleges a number of individual-drug conspiracies (including eight drugs for the Company) as well as an "overarching" conspiracy. Beginning in October 2019, putative classes of direct purchases, indirect resellers, and end payors as well as several opt-out plaintiffs filed additional complaints against the Company and other defendants with substantially similar claims. In April 2024, the cases filed by Connecticut and other states were remanded to the District of Connecticut and now are proceeding on a separate track from the cases coordinated in the Eastern District of Pennsylvania. Fact discovery in many cases closed in 2025, though it is continuing in some of the later-filed cases. Beginning in 2025, the MDL Court entered a series of case management orders, selecting bellwether cases for trial. The Company is a defendant in five of the bellwether cases, all with trail dates between 2026-2028. The Company believes it has meritorious defenses to these lawsuits.

Opioid Litigation

In late 2019 four cases were filed against Zydus in an existing MDL in Ohio. In April 2023, three additional cases were filed in the Ohio MDL. In April 2023, thirty-five cases were filed in a New York Coordinated proceeding. The cases are similar, generally alleging that Zydus manufactured, marketed and sold opioids and failed to effectively and adequately communicate warnings and risks of opioids use to both prescribers and users. The cases also generally allege Zydus failed to report suspicious orders. The lawsuits are seeking relief under

several theories, including a theory of public nuisance. Although we believe there are meritorious defenses to these lawsuits, the Company has entered into a master settlement agreement related to the opioid litigation. The Company has paid the settlement amount $17.50 million into the Qualified Settlement Fund. The Company is not expecting any further liability regarding this case.

Mirabegron Patent Settlement

Astellas Pharma Inc. ("the innovator") had filed four cases against the Company and the Parent in United States District Court for the District of Delaware ("the Court") that were consolidated and pertained to the validity and infringement of US Patents ("the '780 patent") held by the innovator, for a sustained release formulation of "Mirabegron" marketed in the US by the innovator under the brand name Myrbetriq®.

On February 10, 2026 the Company and the Parent entered into a Settlement and License Agreement with the innovator concluding all litigations among them. In terms of the said agreement, the Company has paid to the innovator $45 million towards one time settlement cost, which has been expensed during the year and $75 million towards prepaid licensing fees for generic sales until September 2027, which has been capitalised and will be amortised over the period of nineteen months. The Company will also pay a pre-paid per-unit licensing fee on sales of its generic Mirabegron in the U.S. from the date of the agreement until September 2027.

Guaranteed Severance Package

The Company has guaranteed a severance package covering three to six months of annual salary to some of its employees for the years 2026 and 2025, in the event the Company terminates employment for reason other than cause and in case of voluntary termination of employment due to significant and adverse change to; title, current salary, mandatory relocation or change in management reporting structure. The contingent liabilities for the years ended March 31, 2026 and 2025 were approximately $ 4,055 and $ 3,841, respectively.

15) Income Tax

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Management evaluates all available evidence about future taxable income and other possible sources of realization of deferred tax assets. A valuation allowance is established to reduce deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized. To the extent the Company establishes a valuation allowance or increased the allowance in any given period, an expense is recognized within the provision for income taxes in the statement of income.

The Company recognizes the tax benefit from uncertain tax position only if it is more likely

(In thousands except share and per share data)

than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters as other expense in the statement of income. Based on management's evaluations, there are no uncertain tax positions requiring recognition as of the date of these financial statements.

Income tax expense (benefit) was computed as follows for the years ended March 31,

	2026	2025
Federal income tax	$ 9,430	$ 18,550
State income tax	977	613
Total income taxes, current provision	10,407	19,163
Deferred income taxes (benefit)	(1,903)	(16,574)
Total income tax expense (benefit)	$ 8,504	$ 2,589

The deferred tax assets (liabilities) consist of the following at March 31,

	2026	2025
Property and equipment	$ (1,301)	$ (1,123)
Sales accruals and other items	83,303	81,221
Total deferred income taxes	$ 82,002	$ 80,098

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from different State income tax effective rates that were used in the accrual for the income provision for financial statement purposes versus the actual rate realized on the income tax returns. The Company files its income tax returns on a calendar year basis.

The Company's effective tax rate is 22% for period ended March 31, 2026 and 24% for the period ended March 31, 2025. The future effective income tax rate depends on various factors, such as the Company's income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company is generally no longer subject to U.S. Federal, State and local examinations by tax authorities for the years before 2022. There are no on-going open period income tax audits with any Federal, State and/or local tax authorities.

(In thousands except share and per share data)

16) Supply and Distribution Agreement

The Company has entered into a supply and distribution agreement with Zydus Life, its parent Company. Zydus Life has appointed the Company as its exclusive distributor in US territory to sell, warehouse and distribute the products, either directly or through its sub-distributors. The agreement also records the entire understanding between the parties in respect of development, approvals (regulatory), manufacture, quality control, and liabilities of the parties in respect of claims from third parties and or as between the parties for pre-manufacturing and post-manufacturing defects and operations. The agreement also sets the parameter for determining the price, which shall be reviewed periodically, to enable the Company to earn return on an arm's length basis for the distribution functions that it performs, having regard to its assets utilized, and risks undertaken.

17) New Accounting Pronouncements

Accounting Standards Update (ASU) 2023-09 Improvements to Income Tax Disclosures, Income Taxes (Topic 740): This ASU requires enhanced disclosures about a reporting entity's effective tax rate and its income taxes paid (refunded). Entities other than Public Business Entities are required to qualitatively disclose the nature and effect of the specific categories of reconciling items listed in ASC 740-10-50-12A(a) as well as individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. Numerical reconciliation is not required. Further, income taxes paid must be disaggregated by foreign, domestic, and state taxes, with further disaggregation by jurisdiction on the basis of a quantitative threshold of 5 percent "of total income taxes paid (net of refunds received). However, comparative information for all periods presented is not required for the disclosures related to income taxes paid in an individual jurisdiction under ASC 740-10-50-23. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024, and for annual periods beginning after December 15, 2025, for all other entities.

18) Leasing Arrangements

The Company leases certain office space in Pennington, NJ. The Company leases the Pennington facility from Zydus Healthcare, a related party under a non-cancelable operating lease expiring in August 2027.

Pursuant to the APA (note 3), the Company has acquired the right to use the manufacturing facility located at Emeryville. The lease is effective from the date of acquisition and expiring in December 2036.

	Classification	03/31/2026
Assets	Operating lease right of use assets	$ 58,816
Liabilities	Current portion of operating lease	$ 3,885
	Noncurrent portion of operating lease	$ 55,175

(In thousands except share and per share data)

Operating lease costs for the years ended March 31, 2026 and 2025, was $1,688 and $434 and is included in selling, general and administrative expenses in the accompanying statement of income.

Supplemental cash flow and other information is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	$	2,214
Lease assets obtained in exchange for lease liabilities		60,138
Weighted-average remaining lease term (years)		10.65
Weighted-average discount rate		4.49%

Total future minimum payments required under the lease obligations are as follows as of March 31,

2027	$	6,435
2028		6,345
2029		6,338
2031		6,528
Thereafter		49,466
Total lease payments		75,112
Less: amount representing interest		16,052
Total lease obligation	$	59,060

19) Subsequent events

The Company has evaluated subsequent events through May 18, 2026, the date, which the financial statements were available to be issued.