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IPCA PHARMACEUTICALS INC., USA

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

Virendra K Jain
Certified Public Accountant
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Independent Accountant's Report

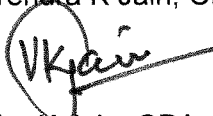
To The Shareholders of
IPCA Pharmaceuticals Inc.,
51 Crag wood Road, South Plainfield, NJ USA

I have audited the accompanying financial statements of IPCA Pharmaceuticals Inc., USA as of March 31, 2023 and 2022 and the related statements of Income, Retained earnings and Cash flow for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are sole responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respect, the financial position of IPCA pharmaceuticals Inc. USA as of March 31, 2023 and 2022, and the result of operations and cash flow for the year ended March 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

For Virendra K Jain, CPA

 05.20.23

Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 20, 2023

IPCA PHARMACEUTICALS INC., USA
BALANCE SHEET
MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Current Assets:</u>	\$	\$
Cash	1,148,255	186,576
Accounts Receivables	440,021	212,603
Prepaid Expenses	20,630	20,321
Other Receivable	131,973	114,671
Total Current Assets	<u>1,740,879</u>	<u>534,171</u>
<u>Fixed Assets:</u>		
Net of Accumulated Depreciation of \$405,282 & \$366,379 in 2023 and 2022	719,692	758,595
<u>Investments / Acquisitions:</u>		
Pisgah Labs Inc. (Note 3)	8,860,879	8,860,879
Bayshore Pharmaceuticals LLC (Note 4)	11,635,221	11,635,221
Redeemable Preference Shares of Pisgah Labs Inc.	10,700,000	7,200,000
Loan - Bayshore Pharmaceuticals LLC	7,250,000	5,750,000
Total Investment and Acquisitions	38,446,100	33,446,100
Security Deposit	8,958	8,958
Total Assets	<u>40,915,629</u>	<u>34,747,824</u>
<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>		
<u>Current Liabilities:</u>		
Accrued Expenses	49,000	13,000
Corporate Tax Payable	20,150	9,150
Total Current Liabilities	<u>69,150</u>	<u>22,150</u>
<u>Stockholders' Equity:</u>		
Capital Stock	50,000	50,000
Paid in Capital	1,925,000	1,925,000
Redeemable Preference Shares (Note 5)	39,350,000	33,350,000
Retained Earnings	<u>(478,521)</u>	<u>(599,326)</u>
Total Stockholders' Equity	<u>40,846,479</u>	<u>34,725,674</u>
	<u>40,918,629</u>	<u>34,747,824</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	\$	\$
Gross Sales	----	----
Income from Services (note 2)	1,756,765	1,227,346
Misc. Income (Interest)	<u>247,293</u>	<u>199,323</u>
Gross Revenue	2,004,058	1,426,669
Gross Profit	2,004,058	1,426,669
Operating Expenses:		
Salaries	1,227,020	810,138
Fringe & Taxes	223,786	134,920
Payroll Taxes	47,972	45,213
Traveling & Boarding	115,846	30,303
Rent/Utilities	44,070	44,323
Communications	13,558	12,419
Office Supplies	10,804	5,874
Insurance	11,519	8,246
Professional & Legal Expenses	29,250	91,099
Audit Fees	6,000	6,000
Depreciation	38,904	38,904
Automobiles / Transport	31,850	22,455
Repairs & Maintenance	7,861	7,861
Payroll-Admin Charges	11,126	7,078
Property Tax	24,583	23,166
Miscellaneous Expenses	<u>27,105</u>	<u>55,527</u>
TOTAL OPERATING EXPENSES	<u>1,871,253</u>	<u>1,343,526</u>
Income (loss) before Corporate Taxes	132,805	83,143
Corporate Taxes	----	----
Tax Provision – NJ State (note 6)	12,000	10,470
Net Income (loss)	<u>120,805</u>	<u>72,673</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF RETAINED EARNINGS
FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	\$	\$
Retained Earnings - Beginning of the period	(599,326)	(671,999)
Income (loss) for the year	<u>120,805</u>	<u>72,673</u>
Retained Earnings - END OF THE PERIOD	<u>(478,521)</u>	<u>(599,326)</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Current Assets:	\$	\$
Cash flows from operating activities:		
Net Income (loss)	120,805	72,673
Adjustments to reconcile net income to Net cash provided by operating activities:		
Depreciation	38,903	38,904
Changes in assets and liabilities:		
Decrease (Increase) in Accounts Receivables	(227,418)	(162,806)
Decrease (Increase) in Interest Receivables	(17,302)	(114,671)
Decrease (Increase) in Accrued Expenses	36,000	4,000
Decrease (Increase) in Prepaid expenses	(3,309)	(15,288)
Decrease (Increase) in Prepaid expenses	----	(4,125)
Decrease (Increase) in Taxes Payables	<u>14,000</u>	<u>2,150</u>
Total adjustments	<u>(159,126)</u>	<u>(251,836)</u>
Net cash provided by operating activities	<u>(38,321)</u>	<u>(179,163)</u>
Cash flow from investing activities:		
Investment in Bayshore Pharma	----	(1,200,000)
Loans to Bayshore Pharma	(1,500,000)	(2,000,000)
Net Cash from investing activities	(1,500,000)	(3,200,000)
Cash flow from financing activities:		
Increase in Pref. Redeemable Shares	6,000,000	4,900,000
Redeemable Pref Shares - Pisgah	(3,500,000)	(1,750,000)
Net Cash used from financing activities:	<u>2,500,000</u>	<u>3,150,000</u>
Net Increase in cash	961,679	(229,163)
Cash at beginning of period	<u>186,576</u>	<u>415,739</u>
CASH AT END OF PERIOD	<u>1,148,255</u>	<u>186,576</u>

See accompanying notes to Financial Statements

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

Note 1 **A summary of significant Accounting Policies**

CORPORATION:

The entity is C Corporation organized and incorporated under the laws of state of New Jersey USA. The Corporation is a wholly owned subsidiary of Ipca Laboratories Ltd., India, a limited liability company registered in India and listed on Indian Stock Exchange.

The corporation is formed with the objective to monitor the registration of generic finished dose formulations and establish marketing and distributing relationships with the companies in USA for these products. Additionally, it also imports Active Pharmaceuticals Ingredients from India to sell to customers in USA.

USE OF ESTIMATES IN FINANCIAL STATEMENTS PREPARTION:

The preparation of Financial statements in conformity with accounting principal generally accepted in United State of America require the use of estimates and assumptions that affect the reported amounts of Assets & Liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The company's financial statements include amounts that are based on the management's best estimates and judgments.

FIXED ASSETS

Acquisition of equipment's, furniture and fixtures are capitalized in their respective accounts at cost. Ordinary maintenance and repair items are charged directly to expenses as incurred.

Depreciation is being provided based in the estimated useful life using straight line method.

NOTE 2 **Income:**

The Corporation imports and sells approved Active Pharmaceutical Ingredients to customers in the USA. Sales are derived from this activity. However, there are no sale purchase during the year. The corporation also provides liaising and post marketing support services. Income from services includes service charges from this activity.

IPCA PHARMACEUTICALS INC., USA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

NOTE 3 Investment In Pisgah Laboratories Inc. NC, USA:

(A) Effective January 16th 2018, the Company had acquired 90% common stock of Pisgah Laboratories Inc. (Pisgah) based out of North Carolina, USA. Pisgah was originally founded in the year 1981 as a contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates and has been a chemistry solutions provider for over three decades. This acquisition will help the Company to establish its foothold in the US market (including but not limited to) in the field of research / small volume APIs and intermediates manufacturing. Pisgah will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name.

(B) Ipca Pharmaceuticals Inc. USA had acquired a USA company "Pisgah Laboratories Inc." a C Corporation Incorporated in State of North Carolina, (NC) USA on January 16, 2018 with 10% ownership of Onyx Scientific Limited, of UK, a step down subsidiary of Ipca Laboratories Limited, India. A summary of the total deal arrived as under

Total Cost of Acquisition	\$ 9,825,879
Share of 10% of the purchase consideration	
Paid by Onyx Scientific Limited, UK	\$ <u>(965,000)</u>
Balance 90% paid by Ipca USA	\$ <u>8,860,879</u>

NOTE 4 Investment In Bayshore Pharmaceuticals LLC, USA:

The Company has acquired, on October 2nd 2018, 80% Share Capital of Bayshore Pharmaceuticals LLC, a New Jersey limited liability company (Bayshore), 788 Morris Turnpike, Suite 200, Short Hills, New Jersey, USA for a total cost of \$10,435,221.

The Company has acquired, on 30th September, 2022, further 20% share capital of Bayshore Pharmaceuticals LLC (Bayshore), a New Jersey limited liability company for cash @ US \$ 1.2 millions. With this acquisition, Bayshore is now wholly owned by Ipca Pharmaceuticals, Inc.,

Bayshore is currently engaged in selling and marketing FDA approved Generics Drug Products in the USA. The acquisition of the 100% stake in Bayshore will add an opportunity to the parent company to commercialize its registered Generics Drug Products in the USA market through this entity.

NOTE 5 Shareholders' Equity:

IPCA Pharmaceuticals Inc USA have following Shareholding pattern as of March 31, 2023

Authorized:

Common Stock: 1000 shares @ \$ 50 per share :	Total \$	50,000
Paid in Capital	Total \$	1,925,000
Redeemable Preference shares 40,000 shares @ \$ 1000 each :	Total \$	40,000,000

(Non-Voting)

Issued and Paid up:

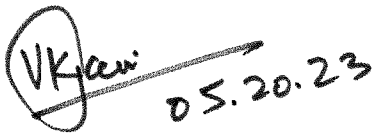
Common Stock: 1000 shares @ \$ 50 per share	Total \$	50,000
Paid in Capital	Total \$	1,925,000
Redeemable Preference shares 39,350 shares @ \$ 1000 each	Total \$	39,350,000

(Non-Voting) (Previous year 33,350 shares for total value \$ 33,350,000)

NOTE 6 Corporate Tax:

Since the corporation has accumulated losses, no Corporate Income Tax provision has been made for Federal Tax. However, Provision of taxes made on current year Income of \$ 12,000 for NJ State

For Virendra K Jain, CPA



Virendra K Jain, CPA
New York, NY
License No. 093066
Date: May 20, 2023