ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Financial Statements and Supplementary Information

AND

Independent Auditor's Report

FOR THE FISCAL YEARS ENDED MARCH 31, 2026, AND 2025

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Independent Auditor's Report

To the stockholder
ALEMBIC PHARMACEUTICALS, INC.
Bedminster, NJ

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ALEMBIC PHARMACEUTICALS, INC. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2026, and the related consolidated statements of income, changes in stockholder's equity, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ALEMBIC PHARMACEUTICALS, INC. and its subsidiaries as of March 31, 2026, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of ALEMBIC PHARMACEUTICALS, INC. and its subsidiaries as of March 31, 2025 were audited by other auditors whose report dated May 1, 2025 expressed an unmodified opinion on those statements.

Ram Associates and Company LLC
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Responsibilities of Management for the Consolidated Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Supplementary information on pages 30 through 33 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ram Associates

Ram Associates
Hamilton, New Jersey
May 05, 2026

ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

As of March 31,

	2026	2025
Cash	$ 12,501,414	$ 1,423,146
Restricted cash	27,928	-
Accounts receivable, net	174,374,378	186,593,715
Inventory	57,969,559	57,748,845
Prepaid expenses	2,282,199	739,156
Prepaid taxes	2,261,511	209,501
Advances to vendors	2,353,781	1,263,890
Total current assets	251,770,770	247,978,253
Property, plant, and equipment, net	240,646	178,965
Intangible assets, net	24,206,349	-
Deferred tax asset, net	2,185,495	2,527,819
Right-of-use assets, operating leases	2,014,362	1,090,960
Other assets	52,116	54,194
Total assets	$ 280,469,738	$ 251,830,191
Accounts payables and accrued expenses	$ 11,148,228	$ 10,889,033
Accrued chargebacks and other sales deductions	91,446,876	87,904,241
Line of credit	-	1,824,306
Long-term debt, current portion	2,142,857	-
Operating lease liability, current portion	280,580	125,691
Due to related parties	101,071,856	110,343,790
Total current liabilities	206,090,397	211,087,061
Long-term debt, less current portion	12,857,143	-
Operating lease liability, less current portion	1,880,789	1,078,353
Other non-current liabilities	22,784,044	4,124,279
Total liabilities	243,612,373	216,289,693
Preferred stock, $1.00 par value, 200,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock, $1.00 par value, 1,000,000 shares authorized, 120,000 shares issued and outstanding	120,000	120,000
Additional paid-in capital	4,000,000	4,000,000
Retained earnings	32,737,365	31,420,498
Total stockholder's equity	36,857,365	35,540,498
Total liabilities and stockholder's equity	$ 280,469,738	$ 251,830,191

See accompanying notes to consolidated financial statements.

ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Statement of Income

For the year ended March 31,

	2026	2025
Net revenues	$ 230,607,456	$ 208,261,815
Cost of sales	190,906,473	165,456,955
Gross profit	39,700,983	42,804,860
Selling, general and administrative expenses	37,780,745	32,910,490
Income from operations	1,920,238	9,894,370
Other income	470,694	450,615
Interest expenses	(379,539)	(32,854)
Total other income, net	91,155	417,761
Income before provision for income taxes	2,011,393	10,312,131
Provision for income taxes	694,526	2,074,730
Net income	$ 1,316,867	$ 8,237,401
Basic and diluted earnings per share	10.97	68.65
Weighted average shares outstanding	120,000	120,000

See accompanying notes to consolidated financial statements.

ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Statement of Changes in Stockholder's Equity

For the year ended March 31,

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total ALEMBIC PHARMACEUTI INC. and Subsidiaries Stockholder's Equity
Balance at April 1, 2024	120,000	$ 120,000	$ 4,000,000	$ 23,183,097	$ 27,303,097
Net income (loss)	-	-	-	8,237,401	8,237,401
Balance at March 31, 2025	120,000	120,000	4,000,000	31,420,498	35,540,498
Net income (loss)	-	-	-	1,316,867	1,316,867
Balance at March 31, 2026	120,000	$ 120,000	$ 4,000,000	$ 32,737,365	$ 36,857,365

See accompanying notes to consolidated financial statements.

ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the year ended March 31,

	2026	2025
Cash flows from operating activities		
Net income (loss)	$ 1,316,867	$ 8,237,401
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Deferred tax provision (benefit)	342,324	247,258
Provision for credit losses on accounts receivable	-	283,814
Depreciation and amortization	832,941	30,308
Amortization of right-of-use assets, operating lease	198,650	112,143
(Increase) decrease in operating assets:		
Accounts receivable	12,219,337	(3,682,347)
Inventory	(220,714)	6,369,468
Prepaid expenses	(1,543,043)	19,112
Prepaid taxes	(2,052,010)	(1,183,171)
Advances to vendors	(1,089,891)	(170,016)
Employee repayments (advances)	2,078	2,586
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	259,195	2,135,333
Accrued chargebacks and other sales deduction	3,542,635	(14,827,611)
Employee related obligation	(340,235)	(198,816)
Lease liability	(164,727)	(95,287)
Due to related parties	(9,271,934)	(3,796,744)
Net cash provided by (used in) operating activities	4,031,473	(6,516,569)
Cash flows from investing activities		
Purchase of equipment	(100,971)	(22,628)
Purchase of intangible assets	(6,000,000)	-
Net cash provided by (used in) investing activities	(6,100,971)	(22,628)
Cash flows from financing activities		
Net borrowings from line of credit	-	1,824,306
Repayment of line of credit	(1,824,306)	-
Proceeds from issuance of debt	15,000,000	-
Net cash provided by (used in) financing activities	13,175,694	1,824,306
Net increase (decrease) in cash, cash equivalents, and restricted cash	11,106,196	(4,714,891)
Cash, cash equivalents, and restricted cash at beginning of year	1,423,146	6,138,037
Cash, cash equivalents, and restricted cash at end of year	$ 12,529,342	$ 1,423,146
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	$ 12,501,414	$ 1,423,146
Current restricted cash and cash equivalents	27,928	-
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 12,529,342	$ 1,423,146

Supplemental cash flow information

Cash paid during the year for

	2026	2025
Income taxes	**$ 2,404,211**	**$ 3,010,643**

See accompanying notes to consolidated financial statements.

ALEMBIC PHARMACEUTICALS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Fiscal Years Ended March 31, 2026 and 2025

1. Nature of Operations

Alembic Pharmaceuticals, Inc. (Alembic), a Delaware corporation, is a wholly-owned subsidiary of Alembic Pharmaceuticals Limited ("APL"). On March 1, 2020, in an internal reorganization, APL acquired 100% interest in Alembic from its subsidiary Alembic Global Holding S.A. ("AGH"). Alembic is engaged in the marketing and distribution of generic and branded pharmaceutical products for resale by others. While Alembic was incorporated in 2012, operations began in 2015. Alembic sells its products directly to wholesalers, retail drug store chains, drug distributors, mail order pharmacies and other direct purchasers as well as customers that purchase its products indirectly through the wholesalers, including independent pharmacies, non-warehousing retail drug store chains, managed health care providers and other indirect purchasers.

The Company has three separate lines of business – **Alembic Pharmaceuticals, Inc.** ("API") [Distribution], **Alembic Labs, LLC** ("Labs") [Research & Development] and **Okner Realty, LLC**, ("Okner") [Real Estate management]. All net revenues were from API for the fiscal year ended March 31, 2025.

Labs and Okner were dissolved on September 26, 2024 and September 19, 2024, respectively, See Note 19 – Deconsolidation for additional information.

On July 2, 2025, the Company, through its newly formed wholly-owned US subsidiary, Alembic Therapeutics LLC, acquired 100% stake in Utility Therapeutics Limited, an UK-based entity. See Note 16 – Acquisition for additional information.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as detailed in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification. The consolidated financial statements have been prepared on the accrual basis of accounting.

b. Principles of consolidation

The consolidated financial statements include the accounts of Alembic and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies (Continued)

c. Use of Estimates

The preparation of the consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates because of the uncertainty inherent in such estimates. The Company makes significant estimates in many areas of its accounting, including but not limited to the following: sales returns, chargebacks, credit losses and discounts, leases, taxes, inventory obsolescence, the useful lives of property and equipment and its impairment and accruals.

d. Cash and Cash Equivalents

For the purpose of consolidated statements of cash flows, cash and cash equivalents are highly liquid debt instruments with original maturities of three months or less. As of March 31, 2026 and 2025, the Company did not have any cash equivalents.

e. Inventory valuation

Inventories consist of finished goods including goods in transit that are stated at the lower of cost or net realizable value (NRV), with cost being determined by the weighted average cost method. The Company complies with the guidance from Accounting Standards Update (ASU) 2015-11, Simplifying the Measurement of Inventory (ASU 2015-11). The core principle of the guidance is that an entity should measure inventory at the "lower of cost or net realizable value". The ASU defines NRV as the "estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation." Inventories are presented net of an allowance for obsolete inventory; changes in the provision for obsolete inventory are included in costs of goods sold. The Company considers obsolescence, excessive levels, deterioration, and other factors in evaluating NRV. Obsolete inventory items are written off against the allowance when identified. There was no allowance for inventory obsolescence as of March 31, 2026 and 2025.

f. Reclassification

The presentation of certain prior period balances has been reclassified to conform to the current period presentation.

2. Summary of Significant Accounting Policies (Continued)

g. Property, Plant, and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed and recorded on a straight-line basis over the assets' estimated service lives which range from three to eleven years. Repairs and maintenance expenditures, which do not extend the useful lives of the related assets, are expensed as incurred. Improvements that extend the economic life of the assets are capitalized.

h. Impairment of Long-Lived Assets

The Company regularly reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment conditions exist, the Company assesses the recoverability of the carrying amounts by estimating the future undiscounted cash flows. If the carrying amount exceeds the aggregate future cash flows, the Company would recognize an impairment loss to the extent the carrying amount exceeds the fair value of the asset. Any long-lived assets to be disposed of are to be valued at estimated fair value less costs to sell. Based on such periodic assessments, no impairment adjustment was required as of March 31, 2026 and 2025.

i. Intangible Assets other than Goodwill

The Company will amortize the intangible asset that was acquired with acquisition of Utility Therapeutics Limited (See Note 17) using the straight-line method over their estimated period of benefit upon commencement of commercial operations of branded drugs business. If the associated research and development effort is abandoned, the related assets will be written-off and the Company will record a noncash impairment loss on its consolidated statements of income.

The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured based on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There were no impairment losses as of March 31, 2026 and 2025.

2. Summary of Significant Accounting Policies (Continued)

j. Current Expected Credit Losses

The Company accounts for current expected credit losses under ASC Topic 326, Financial Instruments – Credit Losses ("ASC Topic 326"), which establishes an allowance for the expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The consolidated statement of income will reflect the estimated current expected losses of newly recognized financial assets as well as the expected increases or decrease of expected credit losses that have taken place during the period. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company recognizes credit losses at the inception of the asset based on historical experience, current conditions, and reasonable and supportable forecasts.

k. Accounts Receivables and Allowances for Credit Losses

Accounts receivables are initially recorded at the amount management expects to collect when revenue has been earned and are stated net of an allowance for credit losses, in line with ASC Topic 326, which represents estimated losses resulting from the inability of customers to pay these accounts. When determining the allowance for credit losses, the Company takes several factors into consideration including the overall composition of accounts receivable aging, historical collection experience, current trends, the type of customer and day-to-day knowledge of specific customers. The allowance for credit losses were $3,735,029 and $ 3,735,029 as of March 31, 2026 and 2025, respectively

l. Research and Development

Costs incurred for research and product development are expensed as incurred. The Company recognizes research and development expenses in the period in which it becomes obligated to incur such costs.

m. Advertising Costs

Advertising costs are expensed as incurred and are included in selling, general and administrative expenses in the consolidated statements of income. Advertising expenses for the years ended March 31, 2026 and 2025 were $308,775 and $239,488, respectively.

2. Summary of Significant Accounting Policies (Continued)

n. Chargebacks

The Company enters into contractual agreements with certain third parties such as pharmacies and group purchasing organizations to sell certain products at predetermined prices. The parties have elected to have these contracts administered through wholesalers that buy products from the Company and subsequently sell them to these third parties. When a wholesaler sells products to one of these third parties that are subject to a contractual price agreement, the difference between the price paid to the Company by the wholesaler and the price under the specific contract is charged back to the Company by the wholesaler. The Company tracks sales and submitted chargebacks by product number and contract for each wholesaler. Utilizing this information, the Company estimates a chargeback percentage for each product. The Company reduces gross sales and increases the chargeback allowance by the estimated chargeback amount for each product sold to a wholesaler.

When an actual chargeback request is received from a wholesaler, the Company reduces the chargeback allowance when it processes the chargeback. Actual chargebacks processed by the Company can vary materially from period to period based upon actual sales volume through the wholesalers. However, the Company's expense provision for chargebacks is recorded at the time when sales revenues are recognized. See Note 12 - Accrued Chargebacks and Other Sales Deductions.

Management obtains periodic wholesaler inventory reports to aid in analyzing the reasonableness of the chargeback allowance. The Company evaluates the reasonableness of its chargeback allowance by applying the product chargeback percentage based on historical activity to the quantities of inventory on hand based on each wholesaler's inventory reports and an estimate of inventory in transit to the wholesaler at the end of the period. In accordance with its accounting policy, the Company's estimate of the percentage of wholesaler inventory that will ultimately be sold to a third party that is subject to a contractual price agreement is based on the trend of such sales through wholesalers. The Company uses the established percentage estimate based on industry experience and evaluation of current trends.

2. Summary of Significant Accounting Policies (Continued)

o. Revenue Recognition

The Company recognizes revenue in accordance with the provisions ASC Topic 606, Revenue from Contracts with Customers, and recognizes revenue when control of promised goods are transferred to the Company's customers, in an amount that reflects the consideration that the Company expects to be entitled to in exchange for those goods. The Company generates revenue primarily from sale of its products. For all of its sales, the Company transfers control, invoices the customer and recognizes the revenue upon shipment to the customer. The purchase and associated obligation to pay becomes a contractual obligation of the customer at the time that the purchase order is accepted by the Company, and delivery, is only a condition of the purchase contract that must be satisfied before payment is due. See Note 14 – Revenue from Contracts with Customers.

Provisions are recorded for discounts, rebates, promotional adjustments, chargebacks, and other potential adjustments when they are reasonably determinable at the time when sales revenues are recorded. The risks related to price adjustments and returns are borne by the parent company.

In order to establish its chargeback and other sales deduction accruals, the Company uses both internal and external data to estimate the level of inventory in the distribution channel. To estimate the net price, the Company tracks sales by product and by customer or payer. The Company evaluates inventory data reported by wholesalers, product pricing, historical experience, and other factors in order to determine the adequacy of its reserves. The Company regularly monitors its reserves and records adjustments when contract terms, or other significant events indicate that a change in the reserve is appropriate.

p. Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses are comprised primarily of salaries, benefits and other staff-related costs associated with sales and marketing, finance, and other administrative personnel, facilities and overhead costs, outside marketing, distribution costs, advertising and legal expenses and other general and administrative costs, as well as customer shipping costs.

2. Summary of Significant Accounting Policies (Continued)

q. Income Taxes and Deferred Income Taxes

The Company files federal and state tax returns as a "C" Corporation. Income tax expense, deferred tax expense, and deferred tax assets and liabilities reflect management's best assessment of estimated current and future taxes to be paid. Significant judgements and estimates are required in determining the provision or benefit for income taxes. See Note 6 – Income Taxes for additional information.

Deferred income taxes arise as a result of timing differences between income per books and income reported for tax purposes. The components with temporary differences that impact the deferred taxes are current expected credit loss, accrued sales deductions, deferred compensation, leases, deferred acquisition costs and research and development costs. The Company is liable for federal, state, and local taxes as applicable. The amount of current and deferred taxes payable or receivable is recognized as of the date of the consolidated financial statements, utilizing currently enacted tax laws and rates. The net deferred tax assets on March 31, 2026 and 2025 were $2,185,495 and $2,527,819, respectively.

Deferred taxes are evaluated annually to determine if adjustments to a valuation allowance are required. The Company assess whether a valuation allowance should be established based on the consideration of all available evidence using a more likely than not standard with respect to whether deferred taxes will be realized. The ultimate realization of deferred taxes depends primarily on the generation of future taxable income. The value of the Company's deferred taxes will depend on applicable income tax rates. Judgment is required in the determination of the future tax consequences of events that have been recognized in the Company's consolidated interim financial statements and the Company's tax returns. Differences between anticipated and actual outcomes of these future tax consequences could have a material impact on the Company's consolidated interim financial statements.

The Company files income tax returns in various taxable jurisdictions. Tax positions and liabilities are established for uncertain tax positions that may be challenged by local authorities. At this time, the Company had no liabilities resulting from unrecognized tax positions as of March 31, 2026 and 2025, thus no estimated liabilities were reflected in these consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

r. Risks and Uncertainties

The Company's business may be affected by a variety of events. These risks potentially may have a material impact on the Company's consolidated financial position, results of operations and/or reputation. The risks are as follows:

Product launches – Launching a new pharmaceutical product takes time and can involve significant investment in product inventories before launch and other types of expense. There is a risk that launches of new products in existing or new markets are unsuccessful, which may have a negative impact on the Company.

Competitive market – A large number of companies provide pharmaceutical products or are active in the research and development of compounds and may compete with the products of the Company. More intense competition may imply a risk that the Company is unable to maintain its current margins on its products, which may negatively impact the Company.

Rapid changes in the pharmaceutical industry – One of the distinguishing features of the industry where the Company is active is its changeability and rapid rate of development. This means that products and improved therapeutic methods are continuously emerging. If the Company does not develop products at the same rate as its competitors, or its products do not satisfy the standards the market is applying, there is a risk of adverse impact on the Company.

Regulatory consideration and product standards – Research and development, as well as the production and marketing of pharmaceuticals, is subject to the control of several regulators. There is a risk of adverse impact on the Company if its products have to be withdrawn from the market as a result of restrictions and requests from regulatory authorities.

International operations – The Company imports all its products from an overseas vendor for resale in the United States. Certain risks are inherent to international operations, including, but not limited to the following:

a) Difficulty complying with a variety of ever-changing foreign laws and regulations, or United States laws and regulations applicable abroad, some of which may conflict with one another, including but not limited to tax, tariffs, labor, employment, anti-bribery and privacy and data protection law.

b) General economic and political conditions in India may have an adverse effect on the operations.

c) Exposure to exchange rate fluctuations.

2. Summary of Significant Accounting Policies (Continued)

s. Leases

The Company accounts for leases under ASC Topic 842, Leases, which establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the consolidated balance sheet for all leases with a term longer than twelve months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statement of income.

The Company had made an accounting policy election to not recognize the lease asset and lease liabilities for leases with a term of twelve month or less. For all other leases, the initial measurement of the ROU asset and lease liability is based on the present value of future lease payments over the lease term at the commencement date of the lease. To determine the present value of lease payments, the Company uses the incremental borrowing rate as the discount rate. The Company leases generally include a non-lease component representing additional services transferred to the Company, such as common area maintenance for real estate. The Company had elected to account for lease and non-lease component in its contracts as a single lease component for all asset classes. The non-lease component is usually variable in nature and is recorded in variable lease expense in the period incurred.

The Company recognizes lease expense on a straight-line basis excluding short-term and variable lease payments which are recognized as incurred. Short-term lease cost represents payments for leases with a lease term of twelve months or less, excluding leases with a term of one month or less.

3. Inventory

The components of inventory consist of the following on March 31 :

	2026	2025
Raw materials	$ 87,343	$ 93,436
Finished goods	57,882,216	57,655,409
	$ 57,969,559	$ 57,748,845

4. Prepaid Expenses

Prepaid expenses consist of the following on March 31:

Description	2026	2025
Prepaid insurance	$ 283,004	$ 237,776
Membership dues and other	1,963,295	458,380
Prepaid conference expense	35,900	43,000
Total prepaid expenses	$ 2,282,199	$ 739,156

5. Property, Plant, and Equipment

Property and equipment consist of the following on March 31

	Estimated useful life (years)	2026	2025
Leasehold improvements	10.5	$ 95,653	$ 95,653
Furniture, fixtures and equipment	3-10	340,216	239,243
Property, plant, and equipment, gross		435,869	334,896
Less: accumulated depreciation and amortization		(195,223)	(155,931)
Property, plant, and equipment, net		$ 240,646	$ 178,965

Depreciation expense related to property, plant, and equipment was $39,290 and $30,308 for the year ended March 31, 2026 and 2025 respectively.

6. Income Taxes

Total income tax provision (benefit) for the years ended March 31 :

	2026	2025
Current tax		
Federal	$ 287,732	$ 1,495,269
State	64,470	332,203
Deferred tax		
Federal	279,662	202,310
State	62,662	44,948
Total income tax provision	$ 694,526	$ 2,074,730

6. Income Taxes (Continued)

The effective tax rates for the fiscal years ended March 31, 2026 and 2025 were 24.96% and 24.54% respectively.

The components of the Company's deferred tax assets, net consist of the following on March 31:

		2026		2025
Allowance for credit losses	$	932,303	$	916,600
Non-current deferral tax assets (liabilities):				
Property, plant and equipment depreciation	$	(41,635)	$	(33,846)
Capitalized R&D costs		107,630		169,368
Deferred compensation		944,537		1,012,123
Deferred lease payments		36,694		27,751
Deferred acquisition		(22,632)		(25,630)
Intangibles		(113,910)		-
Other accrued liabilities		342,508		461,453
Total non-current deferred tax assets	$	1,253,192	$	1,611,219
Deferred tax asset, net	$	2,185,495	$	2,527,819

7. Lines of Credit

The Company has a line of credit agreement with a financial institution for $8,000,000. The line bears interest at Secured Overnight Financing Rate (SOFR) of one month duration (3.68% on March 31, 2026) plus 1.60%. The effective interest rate on this line on March 31, 2026 was 5.28%. The line of credit is renewed annually on September 30. The line is also due on demand and is secured by the Company's current assets. As of March 31, 2026 and 2025, there was no outstanding balance.

The Company has a second line of credit agreement with a bank for $9,500,000. The line bears interest at SOFR of one month duration (3.68% on March 31, 2026) plus 0.11%. The effective interest rate on this line on March 31, 2026 was 3.79%. This line is reviewed annually on August 31. This line is due on demand and is secured by the corporate guarantee provided by the parent company based in India. As of March 31, 2026 and 2025, the outstanding balance was $ 0 and $ 1,824,306 respectively.

During quarter ended September 30, 2025, the Company entered into a third line of credit agreement with a bank for $15,000,000. The line bears interest at SOFR of one month duration (3.68% on March 31, 2026) plus 1.50%. The effective interest rate on this line on March 31, 2026 was 5.18%. This line is reviewed annually on June 30. This line is due on demand and is secured by the corporate guarantee provided by the parent company based in India. As of March 31, 2026, there was no outstanding balance.

8. Term loan

The Company has a term loan facility with a financial institution. Under this facility, the Company can borrow up to three loans in with an aggregate borrowed amount not exceeding $15,000,000. Further, principal amounts repaid or prepaid may not be re-borrowed. This term loan bears interest at SOFR of one month duration (3.68% on March 31, 2026) plus 1.50%. The effective interest rate on this line on March 31, 2026 was 5.18%. This term loan facility expires on June 16, 2028 and is guaranteed by the parent company. As of March 31, 2026, the outstanding balance was $15,000,000.

9. Related Party Transactions

The Company's transactions with its parent company during the fiscal years ended March 31, are as follows:

	2026	2025
Due to related parties, April 1	$ 110,343,790	$ 114,140,534
Add: purchases during the year	165,467,346	137,462,004
Less: payments during the year	(153,187,353)	(115,162,660)
Less: adjustments during the year	(21,551,927)	(26,096,088)
Due to related parties	$ 101,071,856	$ 110,343,790

10. Operating Lease

The Company entered into a 10.5-year operating lease of its corporate office at 550 Hills Drive in Bedminster, New Jersey effective September 1, 2021.

The Company entered into a 6.5-year operating lease for the corporate office of its subsidiary at 550 Hills Drive in Bedminster, New Jersey effective September 1, 2025.

Both leases expire on February 28, 2032.

These leases are classified as operating lease and are presented on the consolidated balance sheets as follows on March 31:

Asset	2026	2025
Right of use asset, operating lease	$ 2,014,362	$ 1,090,060
Operating lease liability, current portion	280,580	125,691
Operating lease liability, net of current portion	1,880,789	1,078,353
	$ 2,161,369	$ 1,204,044

10. Operating Lease (Continued)

The Company recognizes lease expenses on a straight-line basis. Operating lease costs incurred during the fiscal years ended March 31, 2026 and 2025 were $ 340,623 and $210,539, respectively and are included in selling, general, and administrative expenses on the consolidated statements of income.

The Company weighted average leases term and discount rate used as of March 31, 2026 are as follows:

Weighted-average remaining lease term (in years) for operating lease	5.92
Weighted-average discount rate for operating lease	8%

The aggregate future minimum annual lease payments under the lease in effect on March 31, 2026 is presented in the table below. Such commitments are reflected at undiscounted values and are reconciled to the discounted present value recognized in the consolidated balance sheet as follows:

Fiscal Years ending March 31,	Amount
2027	$ 440,460
2028	447,761
2029	455,061
2030	462,362
2031	469,662
Thereafter	436,811
Total undiscounted future minimum lease payments	2,712,117
Less: present value discount	(550,748)
Total lease liabilities	$ 2,161,369

11. Accounts Receivable

Accounts receivable is comprised of the following on March 31:

	March 31, 2026	March 31, 2025
Accounts receivables	$ 178,109,407	$ 190,328,744
Less: Allowance for credit losses	(3,735,029)	(3,735,029)
Accounts receivable, net	174,374,378	186,593,715
Less: Sales-related deductions (see Note 12)	(79,720,629)	(78,261,331)
Net receivables	$ 94,653,749	$ 108,332,384

Sales-related deductions (from Note 12) are subtracted from net accounts receivable above in order to present the net receivables that are realizable and collectible.

12. Accrued Chargebacks and Other Sales Deductions

Accrued chargebacks and other sales deductions are comprised of the following on March 31:

	2026	2025
Accrued chargebacks	$ 72,981,373	$ 68,579,555
Other sales deductions	6,739,256	9,681,776
Sales-related deductions (see Note 11)	79,720,629	78,261,331
Rebates and administration fees	11,726,247	9,642,910
Total accrued chargebacks and other sales deductions	$ 91,446,876	$ 87,904,241

13. Leased Employees

The Company leases its employees from Extensis, Inc. ("Extensis"), under a renewable leasing arrangement, that charges the Company for the cost of compensating leased employees plus the costs of the related payroll taxes, benefits, vacation pay, and an administrative fee.

14. Revenue from Contracts with Customers

1. The Company complies with the ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue to reflect the transfer of goods to customers in an amount equal to the consideration the entity receives or expects to receive. The Company is engaged in the marketing and distribution of generic and branded pharmaceutical products for resale by others. Revenue from contracts with customers for the fiscal years ended March 31, 2026 and 2025 were $230,607,456 and $208,261,815, respectively.

To determine the appropriate amount of revenue to be recognized for arrangements determined to be within the scope of ASC Topic 606, the Company performs the following five steps:

1. identification of the promised goods or services in the contract
2. determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract
3. measurement of the transaction price, including the constraint on variable consideration
4. allocation of the transaction price to the performance obligations
5. recognition of revenue when (or as) the entity satisfies each performance obligation.

The Company recognizes revenue in accordance with the provisions ASC Topic 606 and recognizes revenue when control of promised goods are transferred to the Company's customers, in an amount that reflects the consideration Company expects to be entitled to in exchange for those goods. The Company generates revenue primarily from sale of its products. For all of its sales, the Company transfers control, invoices the customer and recognizes revenue upon shipment to the customer. The purchase and associated obligation to pay becomes a contractual obligation of the customer at the time that the customer's purchase order is accepted by the Company, and delivery, is only a condition of the purchase contract that must be satisfied before payment is due.

2. Estimation of Credit Losses: The Company estimates credit losses on accounts receivable by estimating expected credit losses over the contractual term of the receivable. When developing this estimate of expected credit losses, the Company considers all available information (past, current, and future) relevant to assessing the collectability of cash flows. Accounts receivables from contracts with customers on March 31, 2026 and 2025 were $178,109,407 and $190,328,744, respectively. The expected credit losses on accounts receivable from contracts with customers on March 31, 2026 and 2025 were estimated to be $3,735,029 and $3,735,029, respectively. See supplementary information on pages 30 and 31.

3. Timing of Revenue Recognition: Entire revenue is recognized in one product segment which is the distribution of generic and branded pharmaceutical products for resale by others. For the fiscal years ended March 31, the timing of revenue recognition under this product segment is as follows:

	2026	**2025**
Goods transferred at a point in time	$ 230,607,456	$ 208,261,815

4. The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated:

Type of customer: Based on dollar amounts of revenue, all the goods sold by the Company are sold to corporate customers.

Geographical location of customers: All sales are made to customers located within the United States.

Type of contract: The Company generates revenue primarily from sale of its products.

5. The opening and closing balances of accounts receivables from contracts with customers are as follows:

Accounts receivable, net	**2026**	**2025**
Balance, April 1	$ 186,593,715	$ 183,195,182
Balance, March 31	$ 174,374,378	$ 186,593,715

14. Revenue from Contracts with Customers (Continued)

6. Description of the Company's performance obligations with customers:

Performance Obligations: Timing of Satisfaction

The Company typically satisfies its performance obligations as goods are delivered. Goods that are shipped to customers are either shipped "FOB Shipping Point" or "FOB Destination." As such, ownership of goods in transit remains with the Company and the Company bears the associated risks (e.g., loss, damage, delay). In some cases, a customer will take delivery directly from the Company's warehouse, at which point ownership and the associated risks passes on to the customer.

Performance Obligations: Significant Payment Terms

Payment for goods and services sold by the Company is typically due within 30 to 60 days after an invoice is sent to the customer. Invoices for goods are typically sent to customers on the same day as the day of shipment.

Performance Obligations: Nature

Goods that the Company contracts to transfer to its customers are purchased by the Company for resale. In no case does the Company acts as an agent, i.e., the Company does not provide a service of arranging for another party to transfer goods to its customers.

Performance Obligations: Returns, Refunds, etc.

Consistent with industry practice, the Company maintains a return policy that allows customers to return product within a specified period of time prior and subsequent to the expiration date. Any consideration paid for those goods, whether before or after delivery, is refundable in full to customers until the return period expires. At the time revenue is recognized, the Company estimates expected returns and excludes those amounts from revenue. The Company also maintains appropriate accounts to reflect the effects of expected returns on the Company's financial position and periodically adjusts those accounts to reflect its actual return experience. The Company's estimate of the provision for returns is based on industry experience and current evaluation.

15. Other Non-Current Liabilities

As at March 31, other non-current liabilities included the following:

	2026	2025
Employee related obligations	$ 3,784,044	$ 4,124,279
Exit tax payable on acquisitions	4,600,000	-
Deferred payments related to acquisition	14,400,000	-
	$ 22,784,044	$ 4,124,279

15. Other Non-Current Liabilities (Continued)

(A) The Company has a deferred compensation plan (the "plan") for its highly compensated employees. Under the Plan, a certain amount is accrued each year based on the performance of the Company. The amount deferred for each fiscal year will be paid in the fourth year of service

For other key employees, the Company has adopted an employee retention plan.

These accrued amounts have been included in the consolidated balance sheets under other non-current liabilities and the related expenses have been included in Selling, General and Administrative Expenses.

(B) On July 2, the Company acquired an UK-based entity for a down payment of $4,000,000. The balance payable of $4,600,000 towards exit tax and deferred payments of $14,400,000 at present value are included in other non-current liabilities in the consolidated balance sheet.

16. Acquisition

On July 2, 2025, the Company acquired an UK-based entity with single identifiable intangible asset. The transaction did not meet the definition of a business under ASC Topic 805 and was therefore accounted for as an asset acquisition pursuant to ASC Sub-Topic 805-50.

On closing, the Company paid cash of four million dollars as upfront payment. Included in the intangible asset are six million six hundred thousand dollars of transaction related costs (primarily professional fees and UK exit taxes), and the present value of deferred payments totaling fourteen million four hundred thousand dollars. Accordingly, the total capitalized cost of the acquired intangible asset was twenty five million dollars as of the acquisition date.

As part of the transaction, the Company recognized contingent consideration and deferred purchase obligations with a fair value of nineteen million dollars which are classified as non-cash investing activities and therefore not included in the consolidated statement of cash flows.

Future contractual payments are scheduled through Year 7 and were initially recognized at their present value using a 4.9% imputed interest rate, consistent with ASC Sub-Topic 835-30, Imputation of Interest. The associated deferred payment liability is accreted using the effective interest method. The accretion expense will be recorded as interest expense in the consolidated statements of income. Payments will reduce the liability when settled.

As of March 31, 2026, the carrying amounts related to the transaction are as follows :

Intangible asset (Gross)	$ 25,000,000
Liability - Exit tax	4,600,000
Liability - Deferred payments	$ 14,400,000

Management will evaluate the intangible asset for indicators of impairment in accordance with ASC Topic 360, Impairment and Disposal of Long-Lived Assets. No impairment indicators were identified as of March 31, 2026.

17. Intangible Assets Other Than Goodwill

Intangible assets other than goodwill consist of the following as of March 31:

	2026
Intangible asset (Intellectual property)	$ 25,000,000
Less: accumulated amortization	(793,651)
Intangible asset, net	$ 24,206,349

The useful life of intellectual property is five years and three months and will be amortized using the straight-line method from February 1, 2026 through April 30, 2031.

18. Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents.

The Company maintains its cash in bank deposit accounts that, at times, may exceed the federally insured limit by Federal Deposit Insurance Corporation (FDIC) of up to $250,000 per depositor per bank. On March 31, 2026, the uninsured balance was $ 11,748,935. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Major Customers

For the fiscal year ended March 31, 2026, sales to three major pharmaceutical wholesale customers were approximately 42%, 25% and 22% respectively. These customers represented approximately 87% of the accounts receivable on March 31, 2026.

18. Concentrations (Continued)

For the fiscal year ended March 31, 2025, sales to three major pharmaceutical wholesale customers were approximately 38%, 29% and 20% respectively. These customers represented approximately 87% of the accounts receivable on March 31, 2025.

Vendors

The Company had contracted with J. Knipper and Company Inc ("JKC") for warehousing and distribution services. If these services were interrupted, the Company would need to engage another service provider. While there are a number of options available to the Company, such an interruption of services could cause a delay in processing customer orders.

The Company utilizes services of iContracts, Inc. who provides software to facilitate the gross-to-net revenue recognition. Discontinuity or disruption could affect the Company's ability to process chargebacks and recognize revenue in a timely and accurate manner.

API purchases most of its inventory from its parent company, Alembic Pharmaceuticals Limited. (See Note 9). There is a risk of adverse impact on Company's operations if the parent is unable to deliver the inventory to the Company's warehouse in the United States.

19. Deconsolidation of Subsidiaries

Effective September 2024, the Company deconsolidated its wholly-owned subsidiaries (Labs and Okner) when it filed for dissolution of these subsidiaries with the State of New Jersey. Both these subsidiaries were terminated as of September 30, 2024. No gain or loss was recognized by the Company as a result of deconsolidation of these subsidiaries.

20. Subsequent Events

The Company has evaluated subsequent events for potential recognition and disclosure through May 05, 2026, the date the consolidated financial statements were available to be issued. The Company has identified no such events that would require disclosure in the consolidated financial statements.

Supplementary Information

ALEMBIC PHARMACEUTICALS, INC.

Accounts Receivable Aging at March 31, 2026

	Outstanding for following periods from Due date of payment						
Details	**Not due**	**Less than 6 months**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
i) Undisputed Trade Receivables- Considered good	$174,374,378	$ 3,120,606	$ 614,423	$	$	$	$178,109,407
ii) Undisputed Trade Receivables - which have significant increase in credit risk							
iii) Undisputed Trade Receivables - credit impaired							
iv) Disputed Trade Receivables - considered good							
v) Disputed Trade Receivables - which have significant increase in credit risk							
vi) Disputed Trade Receivables - credit impaired							
Less: Expected Trade Loss Allowance		(3,120,606)	(614,423)				(3,735,029)
Total Accounts Receivable	$174,374,378	$	$	$	$	$	$174,374,378

ALEMBIC PHARMACEUTICALS, INC.

Accounts Receivable Aging at March 31, 2025

	Outstanding for following periods from Due date of payment						
Details	**Not due**	**Less than 6 months**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
i) Undisputed Trade Receivables- Considered good	$186,593,715	$ 2,595,220	$ 140,134	$ 999,675	$	$	$190,328,744
ii) Undisputed Trade Receivables - which have significant increase in credit risk							
iii) Undisputed Trade Receivables - credit impaired							
iv) Disputed Trade Receivables - considered good							
v) Disputed Trade Receivables - which have significant increase in credit risk							
vi) Disputed Trade Receivables - credit impaired							
Less: Expected Trade Loss Allowance		(2,595,220)	(140,134)	(999,675)			(3,735,029)
Total Accounts Receivable	$186,593,715	$	$	$	$	$	$186,593,715

ALEMBIC PHARMACEUTICALS, INC.

Accounts Payable and Accrued Expenses Aging at March 31, 2026

	Outstanding for following periods from due date of paymen					
Description	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro & small enterprise	$	$	$	$	$	$
ii) Medium enterprise						
iii) Others	$ 2,501,331	$	$	$	$	$ 2,501,331
iv) Unbilled dues						
Total accounts payables	2,501,331					2,501,331
Service fees payable to customer (non-trade)	5,620,101					5,620,101
Accrued liabilities	3,026,796					3,026,796
Total accounts payable and accrued expenses	$ 11,148,228	$	$	$	$	$ 11,148,228

ALEMBIC PHARMACEUTICALS, INC.

Accounts Payable and Accrued Expenses Aging at March 31, 2025

	Outstanding for following periods from due date of paymen					
Description	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro & small enterprise	$	$	$	$	$	$
ii) Medium enterprise						
iii) Others	$ 1,336,414	$	$	$	$	$ 1,336,414
iv) Unbilled dues						
Total accounts payables	1,336,414					1,336,414
Service fees payable to customer (non-trade)	7,041,636					7,041,636
Accrued liabilities	2,510,983					2,510,983
Total accounts payable and accrued expenses	$ 10,889,033	$	$	$	$	$ 10,889,033