

Oshio Asia International CPA Office
1-5-22, Bunkyo, Minami-ku, Sagamihara-shi, Kanagawa-ken, Japan

AUDITORS' REPORT

To the members of Neuland Laboratories K.K.

Report on the accounts for the year ended on March 31, 2023 in compliance with Japanese Company law.

We have audited the attached balance sheet of Neuland Laboratories K.K., as at March 31, 2023 and 2022, and also the profit and loss account for the years ended on those dates. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

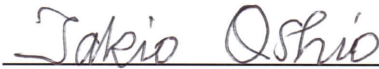
We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

We report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.

- d. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the generally accepted accounting standards.
- e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Company law in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in Japan.
- i. in the case of the balance sheet, of the state of affairs of the company as at March 31, 2023.
- ii. in the case of the profit and loss account, of the income for the year ended on that date.

for Oshio Asia International CPA Office



Takio Oshio
(Japanese Certified Public Accountant)
April 17, 2023

Neuland Laboratories K.K.
BALANCE SHEET AS AT MARCH 31, 2023 and MARCH 31, 2022

Unit : JPY

	Note to account	Year ended 31 March 2023	Year ended 31 March 2022
Assets			
Current Assets			
Cash & deposit		6,567,726	14,092,894
Accounts receivables – Affiliates	2	21,109,190	12,414,267
Accounts receivable – Service fee			
Prepaid expenses – Rent		388,311	388,311
Prepaid expenses – Others		239,059	
Advance payment			
Consumption taxes (VAT)		955,607	737,929
Current Assets Total		29,259,893	27,633,401
Fixed Assets			
Tangible assets		1	19,404
Intangible assets			
Investment & other assets			
Deposit for rent		2,841,300	2,841,300
Long-term prepaid expenses		23,672	165,740
Investment & other assets Total		2,864,972	3,007,040
Fixed Assets Total		2,864,973	3,026,444
Assets Total		32,124,866	30,659,845
Liabilities			
Current Liabilities			
Accounts payable /Accrued expenses		593,891	10,538
Withholding social insurance		435,502	520,860
Withholding income taxes		917,980	1,013,380
Advance received	2	2,841,300	2,841,300
Provision for corporate income taxes		158,700	584,600
Current Liabilities Total		4,947,373	4,970,678
Fixed Liabilities			
Retirement allowance		7,401,000	7,400,000
Fixed Liabilities Total		7,401,000	7,400,000
Liabilities Total		12,348,373	12,370,678
Net Assets			
Shareholder's equity			
Paid in capital		3,000,000	3,000,000
Capital surplus			
Earned surplus			
Other earned surplus			
Earned surplus carried forward		15,289,167	14,393,286
(Net Profit for the Year)		(1,487,326)	(895,881)
Earned surplus Total		16,776,493	15,289,167
Net Assets Total		16,776,493	18,289,167
Net Assets /Liabilities Total		32,124,866	30,659,845

Neuland Laboratories K.K.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023 and MARCH 31, 2022

Unit : JPY

	Notes to Account	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Services fee income	1, 2	44,409,190	38,514,267
Gross income		44,409,190	38,514,267
General and administration expenses	3	42,294,476	36,680,266
Operating profit		2,114,714	1,834,001
Other operating income		1,112	1,980
Interest income		1,112	1,980
Others			
Other operating expenses			
Interest expense			
Others			
Ordinary profit		2,115,826	1,835,981
Extraordinary item			
Others			
Profit before taxes		2,115,826	1,835,981
Corporate tax, resident tax & business tax		628,500	940,100
Deferred taxes			
Net income for the year		1,487,326	895,881

Neuland Laboratories K.K.

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND USE OF ESTIMATES

- i. Financial statements are prepared under the historical cost convention, on accrual basis of accounting in accordance with the accounting principles generally accepted in Japan and in compliance with the provisions of Company's law.
- ii. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities if any at that date of the financial statements and the results of operations during the reporting period end.

B. REVENUE RECOGNITION

The company is engaged primarily in the support of active pharmaceutical ingredient, marketing and business support services on behalf of the parent company. The services fee for the support is calculated as 105% of the incurred expenses related to the support. The treatment is recognized by the Japanese tax authority.

C. TAXATION

Tax expenses comprises of current taxes. Current income tax is measured at the amount to be paid to the tax authorities in Japan.

NOTES TO ACCOUNT

1. Marketing support services fee

From April 2022 to March 2023 and April 2021 to March 2022

Unit : JPY

	March 31, 2023	March 31, 2022
Total operating expenses	42,294,476	36,680,266
Less taxes	0	0
Sub total	42,294,476	36,680,266
Mark up 5%	2,114,714	1,834,001
Service fee income for the year	44,409,190	38,514,267

2. Inter company account

The below detail is the summary to Neuland Laboratories Limited

Unit : JPY

	March 31, 2023	March 31, 2022
Account receivable	21,109,190	12,414,267
Advanced received	2,841,300	2,841,300
Service fee	44,409,190	38,514,267

3. Details of General and administration expenses

From April 2022 to March 2023 and April 2021 to March 2022

Unit : JPY

Accounts	Year ended 31 March 2023	Year ended 31 March 2022
Advertising & promotion	1,964,724	849,776
Delivery expenses	70,551	33,025
Salaries	24,850,000	24,360,000
Commutation fee	632,540	625,416
Social insurance	2,967,762	3,007,898
Recruiting fee	0	0
Retirement allowance	1,921,000	2,220,000
Depreciation expense	19,403	58,104
Office supplies	80,685	94,787
Water, lighting fee	87,736	62,488
Traveling expenses	3,757,402	#(17,544)
Commission paid (Bank charge)	47,650	39,550
Taxes (Inc. Revenue stamp)	10,617	20
Entertainment expenses	412,038	75,691
Communication fee	369,620	334,090
PC maintenance	14,500	14,500
Book & subscription fee	37,364	22,273
Meeting expenses	72,906	18,519
Rent of office	4,236,120	4,236,120
Deferred renewal fee	142,068	142,062
Professional service fee	599,790	503,491
Total General and administration expenses	42,294,476	36,680,266
Others		
TOTAL	42,294,476	36,680,266

Flight charge was paid in 2020FY, but the flight was canceled by CORONA VIRUS and about 130,000 yen was paid back in 2021 FY.

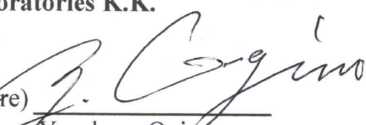
Neuland Laboratories K.K.
BALANCE SHEET

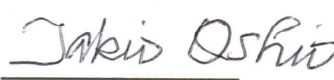
unit : Yen

Description	Year ended 31 March 2023 (Audited)	Year ended 31 March 2022 (Audited)
Assets		
Current assets		
Cash & Deposit	6,567,726	14,092,894
Accounts receivable - Affiliates	21,109,190	12,414,267
Accounts receivable - Services fee	-	-
Prepaid expenses - Rent	388,311	388,311
Prepaid expenses - Others	239,059	-
Advance payment	-	-
Consumption taxes (VAT)	955,607	737,929
Current Assets Total	29,259,893	27,633,401
Fixed Assets		
Tangible Assets	1	19,404
Intangible Assets	-	-
Investments & other Assets		
Deposit for rent	2,841,300	2,841,300
Long - term Prepaid expenses	23,672	165,740
Investments & other Assets total	2,864,972	3,007,040
Fixed Assets total	2,864,973	3,026,444
Assets total	32,124,866	30,659,845
Liabilities		
Current liabilities		
Accounts payable / Accrued expenses	593,891	10,538
Withholding Social Insurance	435,502	520,860
Withholding Income & Local Taxes	917,980	1,013,380
Advance Received	2,841,300	2,841,300
Provision for Corporate Income Taxes	158,700	584,600
Current Liabilities total	4,947,373	4,970,678
Fixed Liabilities		
Provision for retirement allowances	7,401,000	7,400,000
Fixed Liabilities total	7,401,000	7,400,000
Liabilities total	12,348,373	12,370,678
Net Assets		
Shareholder's equity		
Paid in Capital	3,000,000	3,000,000
Capital Surplus	-	-
Earned Surplus		
Other Earned Surplus	-	-
Earned Surplus carried forward	15,289,167	14,393,286
Net Profit for the Year	1,487,326	895,881
Earned Surplus total	16,776,493	15,289,167
Net Assets Total	19,776,493	18,289,167
Net Assets /Liabilities Total	32,124,866	30,659,845

Company :
Neuland Laboratories K.K.

Auditor :
Oshio Asia International CPA Office

(Signature) 
Name : Yasukazu Ogino

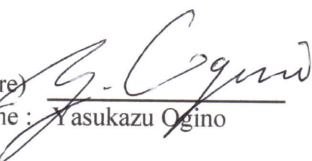
(Signature) 
Name : Takio Oshio

(Signature) 
Name : Mamoru Shizuishi


Neuland Laboratories K.K.**PROFIT AND LOSS ACCOUNT**

Description	Year ended 31 March 2023 (Audited)	Year ended 31 March 2022 (Audited)
Sales		
Services Fee income	44,409,190	38,514,267
Gross Sales	44,409,190	38,514,267
Administration, selling expenses	42,294,476	36,680,266
Operating Profit	2,114,714	1,834,001
Other operating income	1,112	1,980
Interest Income	1,112	1,980
Others	-	-
Other operating expenses	-	-
Interest Expenses	-	-
Others	-	-
Ordinary Profit	2,115,826	1,835,981
Extraordinary Item	-	-
Others	-	-
Profit before taxes	2,115,826	1,835,981
Corporate Tax, Resident Tax & Business Tax	628,500	940,100
Deferred Taxes	-	-
Net Income for the Year	1,487,326	895,881

Company :**Neuland Laboratories K.K.****Auditor :****Oshio Asia International CPA Office**

(Signature) 
Name : Yasukazu Ogino

(Signature) 
Name : Takio Oshio

(Signature) 
Name : Mamoru Shizuishi

Neuland Laboratories K.K.**NOTES TO ACCOUNT****Intercompany Account**

Intercompany Accounts	Year ended 31 March 2023	Year ended 31 March 2022
Account Receivable	21,109,190	12,414,267
Suspense Received	2,841,300	2,841,300
Service Fee	44,409,190	38,514,267

Details of Administration, selling expenses

Accounts	Year ended 31 March 2023	Year ended 31 March 2022
Advertising & Promotion	1,964,724	849,776
Delivery expenses	70,551	33,025
Salaries	24,850,000	24,360,000
Commutation fee	632,540	625,416
Social Insurance	2,967,762	3,007,898
Recruiting Fees	-	-
Retirement expenses	1,921,000	2,220,000
Depreciation Expenses	19,403	58,104
Office Supplies	80,685	94,787
Water, lighting fee	87,736	62,488
Travelling expenses	3,757,402	(17,544)
Commission Paid (Bank Charge)	47,650	39,550
Taxes (Inc. Revenue stamp)	10,617	20
Entertainment expenses	412,038	75,691
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Rent of office	4,236,120	4,236,120
Deferred renewal fee	142,068	142,062
Professional Service Fee	599,790	503,491
Total Administration & selling expenses	42,294,476	36,680,266
Others	-	-
TOTAL	42,294,476	36,680,266