

# **Company “Rafarma Pharmaceuticals Inc.”**

Combined Financial statements  
for the period ended, September 30, 2021

## Company Rafarma Pharmaceuticals Inc.

### CONDENSED BALANCE SHEETS

	Notes	30-Sep-21	31-Dec-20	31-Dec-19
		USD ('000)	USD ('000)	USD ('000)
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents		15,715	5,440	3,309
Accounts receivables		17,947	23,681	16,452
Short-term investments		23	677	4,076
VAT Recoverable		43	77	37
Inventories		20,203	13,617	17,136
Other current assets		-	217	344
Total current assets		<b>53,930</b>	<b>43,709</b>	<b>41,354</b>
Research and Development		2,774	541	430
Property, plant and equipment		28,524	22,112	26,239
Long-term investments		2,513	2,300	2,868
Deferred tax assets		426	283	354
Other non-current assets		-	1,689	2,257
Total assets		<b>88,167</b>	<b>70,634</b>	<b>73,502</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payables		17,182	17,499	16,774
Short-term borrowings		1,914	30	412
Income tax payable		245	-	-
Other liabilities		-	-	716
Total current liabilities		<b>19,342</b>	<b>17,529</b>	<b>17,902</b>
Long-term borrowings		732	466	534
Deferred Tax Liabilities		796	544	84
Other long-term liabilities		-	-	-
Total liabilities		<b>1,529</b>	<b>1,010</b>	<b>1,161</b>
Stockholders' equity:				
Common stock, \$0.0001 par value per share;				
93,166,999 shares authorized; 93,166,999 and	4	8,777	8,777	9,317
93,166,999 shares issued and outstanding				
Preference share capital; \$0.0001 par value per		-	1,060	1,060
share; 10,500,000 shares issued and outstanding				

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Retained earnings	45,022	54,303	41,910
Revaluation reserve	6,375	(12,045)	2,152

Total stockholders' equity	<b>68,028</b>	<b>52,095</b>	<b>54,439</b>
Total liabilities and stockholders' equity	<b>88,167</b>	<b>70,634</b>	<b>73,502</b>

The accompanying notes are an integral part of these financial statements.

## Company Rafarma Pharmaceuticals Inc CONDENSED STATEMENTS OF INCOME (Unaudited)

	Notes	For the period ended 30-Sep-21	For the period ended 30-Sep-20
		USD ('000)	
Sales revenue		51,331	56,047
Cost of sales		(33,058)	(31,235)
<b>Gross profit</b>		<b>18,273</b>	<b>24,812</b>
Selling and marketing expenses		(3,200)	(6,075)
Operating expenses		(6,467)	(4,426)
<b>Operating income</b>		<b>8,606</b>	<b>14,312</b>
Net (loss) gain from interest		223	(5)
Net (loss) / gain from other sources		323	(385)
<b>Income before taxes</b>		<b>9,151</b>	<b>13,922</b>
Provision for income taxes		(1,902)	(2,786)
<b>Net income (loss)</b>		<b>7,249</b>	<b>11,136</b>
Net income per share – basic	<b>4</b>	0.0826	0.1269
Net income per share – diluted	<b>4</b>	0.0826	0.1269
Weighted average shares outstanding used in per common share computations:			
Basic		87,766,999	87,766,999
Diluted		87,766,999	87,766,999

The accompanying notes are an integral part of these financial statements.

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CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

Particulars	Share capital	Preference share capital	Revaluation of non-current assets	Additional Capital	Capital reserves	Retained earnings	Total equity
USD '000							
<b>As at 31 December 2018</b>	<b>9,317</b>	<b>1,060</b>	<b>714</b>	<b>12,972</b>	<b>22</b>	<b>15,625</b>	<b>39,710</b>
Net income			-	-	-	12,577	12,577
Currency revaluation reserve			80	1600	3	469	2,152
Contributions to reserves			-	-	351	-351	0
Dividends			-	-	-	-	0
<b>As at 31 December 2019</b>	<b>9,317</b>	<b>1,060</b>	<b>794</b>	<b>14,572</b>	<b>376</b>	<b>28,320</b>	<b>54,439</b>
Net income						14,848	14,848
Currency revaluation reserve			-482	(3,011)	-120	-8,432	-12,045
Contributions to the reserves	(540.00)	-	-	-	-	540.00	0
Dividends						-5,147	-5,147
<b>As at 31 December 2020</b>	<b>8,777</b>	<b>1,060</b>	<b>312</b>	<b>11,561</b>	<b>256</b>	<b>30,129</b>	<b>52,095</b>
Net income						7,249	7,249
Preference share adjustment		(1,060.0)				1,060	-
Addition				1,715			1,715
Currency revaluation reserve					13	6,362	6,375

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Contributions to the reserves					51		51
Dividends							
<b>As at September 30, 2021</b>	<b>8,777</b>	<b>-</b>	<b>312</b>	<b>13,276</b>	<b>329</b>	<b>45,022</b>	<b>68,028</b>

The accompanying notes are an integral part of these financial statements.

**Company Rafarma Pharmaceuticals Inc.**  
**CONDENSED STATEMENTS OF CASH FLOWS**

	Period ended September 30, 2021	Year Ended December 31, 2020
	USD ('000)	USD ('000)
<b>Operating activities</b>		
Net income	14,193	14,848
Adjustments to net income:		
Unrealized foreign exchange rate differences	18,917	(19,992)
Income Tax	(3,060)	(3,319)
Changes in operating assets and liabilities (net of acquired assets and liabilities):		
Changes in inventories	(8,384)	3,519
Changes in trade and other receivables	1,191	(7,229)
Changes in short term investments	585	3,399
Changes in VAT	38	(40)
Changes in trade and other payables	(2,213)	725
Changes in short term borrowings	463	(382)
Changes in other current assets	(217)	127
Changes in other liabilities	-	(800)
Net cash provided by operating activities	<b>21,513</b>	<b>(9,144)</b>
<b>Investing Activities</b>		
Sale / purchase of property, plant and equipment	(8,930)	4,016
Sale of asset subject finance lease		
Disposal of other non-current assets	1,689	3,946
Net cash generated / (used) in investing activities	<b>(7,241)</b>	<b>7,962</b>
<b>Financing Activities</b>		
Disposal / (acquisition) of long-term investment	(205)	568
Payment of long-term borrowings	216	(68)
Payment of dividends	-	(5,147)
Net cash used in financing activities	<b>(7,230)</b>	<b>3,315</b>
Increase (decrease) in cash and cash equivalents	7,042	2,133
Cash and cash equivalents at beginning of year	5,440	3,309
Cash and cash equivalents at end of year	<b>12,482</b>	<b>5,442</b>

The accompanying notes are an integral part of these financial statements.

**Company Rafarma Pharmaceuticals Inc.**  
**Notes to the Financial Statements**

**For the period ended September 30, 2021**

**1 NATURE OF OPERATIONS**

The Company "Rafarma Pharmaceuticals Inc." (the "Company") is owned with an existing portfolio of companies that manufacture and distribute generic drugs, equipment and drugs for nuclear medicine, research on new drugs, as well as a complex of vivarium laboratories that develop high technology drugs in biotechnology sector.

**2 Basis of Presentation**

The accompanying financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and include all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are considered of a normal recurring nature.

**3 RECENT ACCOUNTING PRONOUNCEMENTS**

**New Accounting Standards Adopted in 2021**

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments-Credit Losses, which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. We adopted this guidance as of January 1, 2021. Adoption of the standard did not have a material impact on our financial statements.

**New Accounting Standards Yet to be Adopted**

We do not believe that any other recently issued but not yet effective accounting standards, if adopted, would have a material impact on our financial statements.

**4 Common Stock**

As of September 30, 2021, the issued and fully paid-up share capital is presented as follows:

	September 30, 2021	December 31, 2021
	<hr/>	<hr/>
Number of ordinary shares	87,766,999	87,766,999
Nominal value of share, USD	0.0001	0.0001

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Nominal value of shares	8,777	8,777
Total share capital (USD '000)	<u>8,777</u>	<u>8,777</u>

**Notes to the Financial Statements For the period ended September 30, 2021****5 Basic earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to shareholders holding ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the year, net of own shares repurchased from shareholders. The company does not have its own repurchased shares, as well as ordinary shares, potentially diluting earnings per share. Thus, diluted earnings per share equal basic earnings per share.

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Profit for the year attributable to shareholders, USD ('000)	<u>14,193</u>	<u>11,136</u>
Weighted average number of ordinary shares outstanding, numbers	87,766,999	87,766,999
<b>Basic earnings per ordinary share, USD</b>	<u><b>0.162</b></u>	<u><b>0.127</b></u>

**6 COMMITMENTS AND CONTINGENCIES**

From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. Management does not believe it is reasonably possible that such matters will have a material adverse effect on the Company's financial statements.

**7 FAIR VALUE**

FASB Codification topic, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value and expands financial statement disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Codification topic does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. The Codification topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

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Level 3: Unobservable inputs that are not corroborated by market data.

As of September 30, 2021, we did not have any instruments that require fair value measurement.

### **Signatures**

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on [Date].

**Company Rafarma Pharmaceuticals Inc.  
(Registrant)**

By:

\_\_\_\_\_  
**[Name]**  
**Chief Financial Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on [...].

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**