

Company “Rafarma Pharmaceuticals Inc.”

Combined Financial statements

for the period ended,

June 30, 2022

Company Rafarma Pharmaceuticals Inc.
BALANCE SHEETS

	Notes	June 30, 2022 USD ('000)	December 31, 2021 USD ('000)	December 31, 2020 USD ('000)
ASSETS				
Current assets:				
Cash and cash equivalents		17,118	13,596	5,440
Accounts receivables		23,134	20,268	23,681
Short-term investments		83	27	677
VAT Recoverable		20	50	77
Inventories		33,922	21,302	13,617
Other current assets		-	-	217
Total current assets		74,277	55,243	
Research and Development		1,413	881	
Property, plant, and equipment		49,931	28,468	22,243
Medical equipment for lease		-	-	-
Long-term investments		3,435	2,396	2,300
Deferred tax assets		635	403	283
Other non-current assets		2,622	1,953	1,689
Total assets		132,313	89,344	70,634
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payables		18,828	17,224	17,499
Short-term borrowings		1,055	1,612	30
Other liabilities		419	219	-
Total current liabilities		20,302	19,054	17,529
Long-term borrowings		663	89	466
Deferred Tax Liabilities		2,544	696	544
Other long-term liabilities		-	0	0
Total liabilities		3,207	784	1,010
Stockholders' equity:				
Common stock, \$0.001 par value per share; 975,000,000 shares authorized; 87,766,999 shares issued and outstanding	4	88	88	88
Preference share capital; \$0.001 par value per share; 11,600,000 shares issued and outstanding	4	12	12	12
Retained earnings		76,908	47,509	29,961
Other Stockholder equity		31,796	21,900	22,035
		108,804	69,506	52,095
Total liabilities and stockholders' equity		132,313	89,344	70,634

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

Company Rafarma Pharmaceuticals Inc.

STATEMENTS OF INCOME

	Notes	Period ended June 30, 2022 USD ('000)	Period ended June 30, 2021 USD ('000)
Sales revenue		46,126	34,101
Cost of sales		(29,896)	(21,401)
Gross profit		16,230	12,700
Selling and marketing expenses		(3,069)	(3,402)
Operating expenses		(7,785)	(2,744)
Operating income		5,377	6,554
Net gain from interest		526	(5)
Net (loss) / gain from other sources		(0,129)	(161,000)
Income before taxes		5,773	6,388
Provision for income taxes		(1,207)	(1,298)
Net income (loss)		4,566	5,040
Net income per share – basic	4	0.0520	0.0580
Net income per share – diluted	4	0.0520	0.0580
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.

Company Rafarma Pharmaceuticals Inc.
STATEMENTS OF STOCKHOLDERS' EQUITY

	Share capital	Preference share capital	Other Equity	Other Stockholder Equity Revaluation of non-current assets	Additional Capital	Capital reserves	Retained earnings	Total equity
Amount in USD ('000)								
As of 31 December, 2020 (Un-audited)	88	12	8,857	665	12,198	315	29,961	52,095
Net income							11,573	11,573
Currency revaluation reserve			(50)	(19)	(68)	(2)	9,395	9,258
Contributions to the reserves	-	-	-	-	-	-	-	-
Dividends							(3,420)	(3,420)
As of 31 December, 2021 (Un-audited)	87	12	8,807	645	12,130	313	47,509	69,504
Net income							4,566	4,566
Currency revaluation reserve			3,983	291	5,485	142	24,834	34,734
Contributions to the reserves	-	-	-	-	-	-	-	-
Dividends								
As of 30 June, 2022 (Un-audited)	87	12	12,790	936	17,615	455	76,909	108,804

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

Company Rafarma Pharmaceuticals Inc.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Period ended June 30, 2022 USD ('000)	Year Ended December 31, 2021 USD ('000)
Operating activities		
Net income	4,566	11,573
Adjustments to net income:		
Unrealized foreign exchange rate differences	36,774	12,304
Income Tax	(1,207)	(3,014)
Changes in operating assets and liabilities (net of acquired assets and liabilities):		
Changes in inventories	(12,621)	(7,685)
Changes in trade and other receivables	(2,866)	3,413
Changes in short term investments	(56)	650
Changes in VAT	30	27
Changes in trade and other payables	1,605	(275)
Changes in short term borrowings	(557)	1,582
Changes in other current assets	0	217
Changes in other liabilities	201	219
Net cash provided by operating activities	25,868	19,010
Investing Activities		
Sale / purchase of property, plant, and equipment	(21,995)	(6,697)
Sale of asset subject finance lease		-
Disposal of other non-current assets	(669)	(264)
Net cash used in investing activities	(22,664)	(6,960)
Financing Activities		
Disposal / (acquisition) of long-term investment	(1,039)	(96)
Payment of long-term borrowings	575	(377)
Payment of dividends	782	(3,420)
Net cash used in financing activities	318	(3,893)
Increase (decrease) in cash and cash equivalents	3,522	8,156
Cash and cash equivalents at beginning of year	13,596	5,440
Cash and cash equivalents at end of year	17,118	13,596

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

Company Rafarma Pharmaceuticals Inc.
NOTES TO FINANCIAL STATEMENTS
For the period June 30, 2022

1. NATURE OF OPERATIONS

The Company "Rafarma Pharmaceuticals Inc. " (the "Company") is owned with an existing portfolio of companies that manufacture and distribute colloidal systems, fine chemistry, pharmaceutical substances, pharmaceutical development, new drugs, pharmaceutical packaging and other technologies in the field of biotechnology 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 June 30, 2022, the issued and fully paid-up share capital is presented as follows:

	30 June, 2022
Number of ordinary shares	87,766,999
<i>Nominal value of 1share, USD</i>	<i>0.001</i>
Nominal value of shares	87,766
Total share capital	87,766

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.

	30 June 2022	30 June 2021
Profit for the year attributable to shareholders, USD ('000)	4,566	5,090
Weighted average number of ordinary shares outstanding, numbers	87,766,999	87,766,999
Basic earnings per ordinary share, USD	0.052	0.058

5. 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.

6. 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.

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

As of June 30, 2022, we did not have any instruments that require fair value measurement.

Additional Notes: This statement is a combined statement of assets that are finishing formalities in the foreign jurisdiction to complete consolidation with RAFA. Completion of formalities will not cause any conflicts of interest between US and foreign jurisdictions and will allow us to meet all legal requirements, including possibly additional issue of control preferred shares for additional assets coming in.

The official website of the company will provide financial statements of the already legally consolidated entities as completed in all relevant jurisdictions.

This statement does not include the financial statements and results of those entities still in the transfer process which are currently in combined statements but not yet consolidated with the statements of Rafarma Pharmaceuticals, Inc.

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