

Company “Rafarma Pharmaceuticals Inc.”

Combined Financial statements

for the year ended,

December 31, 2022

Company Rafarma Pharmaceuticals Inc.
BALANCE SHEETS

	Notes	December 31,2022	December 31,2021
		USD ('000)	USD ('000)
ASSETS			
Current assets:			
Cash and cash equivalents		18,048	13,596
Accounts receivables		15,464	20,268
Short-term investments		781	27
VAT Recoverable		(11)	50
Inventories		19,689	21,302
Other current assets		-	-
Total current assets		<u>53,970</u>	<u>55,243</u>
Research and Development		1,214	881
Property, plant, and equipment		40,216	28,468
Medical equipment for lease		-	-
Long-term investments		712	2,396
Deferred tax assets		611	403
Other non-current assets		1,598	1,953
Total assets		<u>98,321</u>	<u>89,344</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payables		17,179	17,224
Short-term borrowings		360	1,612
Other liabilities		246	219
Total current liabilities		<u>17,785</u>	<u>19,054</u>
Long-term borrowings		549	89
Deferred Tax Liabilities		2,093	696
Other long-term liabilities		0	0
Total liabilities		<u>2,642</u>	<u>784</u>
Stockholders' equity:			
Common stock, \$0.001 par value per share; 975,000,000 shares authorized; 87,766,999 shares issued and outstanding	4	87	87
Preference share capital; \$0.001 par value per share; 11,600,000 shares issued and outstanding		12	12
Retained earnings		54,673	47,509
Other Stockholder equity		23,122	21,900
Total stockholders' equity		<u>77,895</u>	<u>69,506</u>
Total liabilities and stockholders' equity		<u>98,321</u>	<u>70,634</u>

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

Company Rafarma Pharmaceuticals Inc.
STATEMENTS OF INCOME
(Un-audited)

	Notes	Year ended December 31, 2022 USD ('000)	Year ended December 31, 2021 USD ('000)
Sales revenue		64,314	77,411
Cost of sales		-41,500	(50,140)
Gross profit		22,813	27,271
Selling and marketing expenses		-5,418	(5,357)
Operating expenses		-10,246	(7,189)
Operating income		7,149	14,724
Net gain from interest		0,599	98
Net (loss) / gain from other sources		-1,523	(236)
Income before taxes		6,225	14,587
Provision for income taxes		-1,264	(3,014)
Net income (loss)		4,961	11,573
Net income per share – basic	4	0.0565	0.1319
Net income per share – diluted	4	0.0565	0.1319
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			Retained earnings	Total equity
				Revaluation non-current assets	of Additional Capital	Capital reserves		
Amount in USD ('000)								
As of 31 December, 2020	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	9,255
Contributions to the reserves	-	-	-	-	-	-	-	-
Dividends							(3,420)	(3,420)
As of 31 December, 2021 (Un-audited)	88	12	8,807	645	12,130	313	47,509	69,503
Net income							4,961	4,961
Currency revaluation reserve			495	31	682	18	5,687	6,913
Contributions to the reserves	-	-	-	-	-	-	-	-
Dividends							(3,483)	(3,483)
As of 31 December, 2022 (Un-audited)	87	12	9,302	677	12,812	331	54,673	77,895

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

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

	Year ended December 31, 2022 USD ('000)	Year ended December 31, 2021 USD ('000)
Operating activities		
Net income	4,961	11,573
Adjustments to net income:		
Unrealized foreign exchange rate differences	9,365	12,304
Income Tax	(1,264)	(3,014)
Changes in operating assets and liabilities (net of acquired assets and liabilities):		
Changes in inventories	1,613	(7,685)
Changes in trade and other receivables	4,804	3,413
Changes in short term investments	(754)	650
Changes in VAT	62	27
Changes in trade and other payables	(45)	(275)
Changes in short term borrowings	(1,252)	1,582
Changes in other current assets	-	217
Changes in other liabilities	27	219
Net cash provided by operating activities	17,516	19,010
Investing Activities		
Sale / purchase of property, plant, and equipment	(12,081)	(6,697)
Sale of asset subject finance lease	-	-
Disposal of other non-current assets	355	(264)
Net cash used in investing activities	(11,725)	(6,960)
Financing Activities		
Disposal / (acquisition) of long-term investment	1,684	(96)
Payment of long-term borrowings	461	(377)
Payment of dividends	(3,483)	(3,420)
Net cash used in financing activities	(1,339)	(3,893)
Increase (decrease) in cash and cash equivalents	4,452	8,156
Cash and cash equivalents at beginning of year	13,596	5,440
Cash and cash equivalents at end of year	18,048	13,596

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

**Company Rafarma Pharmaceuticals Inc.
NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 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. Quarterly results of operations are not necessarily indicative of annual results.

Certain footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been or omitted. The balance sheet as of December 31, 2022 was derived from the audited balance sheet at that date. These unaudited financial statements should be read in conjunction with the audited financial statements of the Company Rafarma Pharmaceuticals Inc. for the year ended December 31, 2022 and the notes thereto contained in the Company's Annual Report for the year ended December 31, 2022.

3. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Standards Adopted in 2020

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 December 31, 2022, the issued and fully paid-up share capital is presented as follows:

	31 December 2022
Number of ordinary shares	87,766,999
Nominal value of 1 share, USD	0.001
Nominal value of shares, USD	87,766
Total share capital, USD	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 period, 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.

	31 December 2022	31 December 2021
Profit for the year attributable to shareholders, USD ('000)	4,961	11,573
Weighted average number of ordinary shares outstanding, numbers	87,766,999	87,766,999
Basic earnings per ordinary share, USD	0.0565	0.1319

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 December 31, 2022, 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 March 31, 2023

**Company Rafarma
Pharmaceuticals Inc.**

By:


A handwritten signature in blue ink, appearing to be 'Raivo Unt', is written over a horizontal blue line.

**Raivo Unt
President**

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 [...].

A handwritten signature in blue ink, consisting of a stylized 'J' followed by a horizontal line and a small loop.

President

A handwritten signature in blue ink, consisting of a stylized 'J' followed by a horizontal line and a small loop.

President