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Economiste d'entreprise HES

Rhizen Pharmaceuticals AG

Steinentorstrasse 23
4051 Basel Switzerland

Statement of account and notes for the year ended
March 31st, 2021

REPORT OF THE STATUTORY AUDITORS

on the limited statutory examination

to the General meeting of the Shareholders of

Rhizen Pharmaceuticals AG

4051 Basel Switzerland

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RHIZEN PHARMACEUTICALS AG

STATUTORY AUDIT REPORT

Neuchâtel, April 29th, 2021

PYW/RHI2

Report of the statutory auditor on the limited statutory examination to the General meeting of Shareholders of Rhizen Pharmaceuticals AG

Dear Sirs,

As statutory auditor, we have examined the financial statements (balance sheet, profit and loss statement and notes) of Rhizen Pharmaceuticals AG for the year ended March 31st, 2021.

These financial statements are the responsibility of the Board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements, with a Shareholder's equity of USD 4'678'294.00., and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

D & D Fiduciaire SA

Denis Piot
Licenced Audit Expert
Auditor in charge

Pierre-Yves Wehrli
Administrator

Enclosures : - financial statements (balance sheet, profit and loss statements, notes to the financial statements, proposal for appropriation of available earnings

BALANCE SHEET as of 31 March 2021

	Notes	31.03.2021	31.03.2020
		USD	USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	3	12 810 522.42	6 644.03
Related parties receivable	4	5 111 966.93	57 788.33
Intangible assets	5	0.00	7 236 530.85
Other short-term receivables	6	52 605.54	671.38
TOTAL CURRENT ASSETS		17 975 094.89	7 301 634.59
NON-CURRENT ASSETS			
Investments	7	109 371.63	109 371.63
TOTAL NON-CURRENT ASSETS		109 371.63	109 371.63
TOTAL ASSETS		18 084 466.52	7 411 006.22

BALANCE SHEET as of 31 March 2021	Notes	31.03.2021	31.03.2020
		USD	USD
LIABILITIES			
SHORT-TERM LIABILITIES			
Related parties liabilities	8	5 706 956.70	2 279 717.85
Accrued expenses and deferred income	9	7 699 215.82	14 463.40
TOTAL SHORT-TERM LIABILITIES		13 406 172.52	2 294 181.25
LONG TERM LIABILITIES			
Other long-term liabilities	10	0.00	4 843 491.76
TOTAL LONG-TERM LIABILITIES		0.00	4 843 491.76
SHAREHOLDER'S EQUITY			
	11		
Share capital, partner's capital or foundation capital		122 760.12	122 760.12
Reserves			
Balance sheet result			
Profit / Loss carried forward		150 573.09	107 303.09
Profit / Loss for the period		4 404 960.79	43 270.00
TOTAL SHAREHOLDER'S EQUITY		4 678 294.00	273 333.21
TOTAL LIABILITIES		18 084 466.52	7 411 006.22

INCOME STATEMENT BY NATURE OF EXPENSE	Notes	01.04.2020 31.03.2021	01.04.2019 31.03.2020
		USD	USD
Revenue of sales of goods and services	12	38 398 020.04	9 848 228.62
TOTAL INCOME		38 398 020.04	9 848 228.62
Raw materials and supplies		0.00	0.00
GROSS PROFIT MARGIN		38 398 020.04	9 848 228.62
Other operating expenses			
Other operating expenses	13	33 290 419.94	9 793 005.87
TOTAL OTHER OPERATING EXPENSES		33 290 419.94	9 793 005.87
OPERATING INCOME		5 107 600.10	55 222.75
Other incomes/expenses			
Financial expenses/(income)	14	10 825.09	5 475.69
TOTAL OTHER INCOME/EXPENSES		10 825.09	5 475.69
RESULT BEFORE TAXES		5 096 775.01	49 747.06
Taxes		691 814.22	6 477.06
PROFIT/LOSS FOR THE YEAR		4 404 960.79	43 270.00

NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021

(with comparison at 31.03.2020)

(showed in USD)**1. GENERAL**

The company Rhizen Pharmaceuticals AG is a limited company established on 6. November 2008 and headquartered in Basel.

Rhizen is an early stage drug discovery company. Their first product was licensed out to TG Therapeutics which got approval from USFDA to launch the product Umbralisib.

2. ACCOUNTING POLICIES ADOPTED

The financial statements are prepared in accordance with accounting principles applicable in Switzerland. They are established on the principle of going concern basis

Inventories – NIL

Work in progress (WIP) - NIL

Plant and equipment - NIL

Financial assets - NIL

Investment in companies – Investments are recognized in the balance sheet at their acquisition value less depreciation needed to reflect a loss of long-term value

Research & Development – Expenses for research & development are recognized in the balance sheet at their paid value less a amortized cost.

Leasing – NIL

Foreign currency rates of exchange - Foreign currency transactions are recorded at the exchange rate effect on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the tax rates at the balance sheet date.

	31.03.2021	31.03.2020
CHF to USD	1.0715	1.0331

3. CASH AND CASH EQUIVALENT

		31.03.2021	31.03.2020
Bank CHF	CHF 4.11	482.77	4.25
Bank USD		12 810 039.65	6 639.78
Total		12 810 522.42	6 644.03

4. RELATED PARTIES RECEIVABLES

	31.03.2021	31.03.2020
C/c Alembic Global Holding SA	3 000 000.00	0.00
C/c Incozen Therapeutics Limited	2 100 000.00	0.00
C/c Rhizen Pharmaceuticals Inc.	11 966.93	57 788.33
Total	5 111 966.93	0.00

NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021

(with comparison at 31.03.2020)

(showed in USD)

6. OTHER SHORT-TERM RECEIVABLES

	31.03.2021	31.03.2020
Current account VAT	2 528.36	537.43
Prepaid expenses	50 077.18	20 657.04
Total	52 605.54	21 194.47

7. INVESTMENTS

	Buying price	Provisions	31.03.2020
Dahlia therapeutics SA, La Chaux-de-Fonds	99 000.10		99 000.10
Rhizen Pharmaceuticals Inc.	10 000.00		10 000.00
TG Therapeutics Inc.	371.53		371.53
Total 31.03.	109 371.63	0.00	109 371.63
Less provisions	0.00		0.00
Total	109 371.63		109 371.63

Dahlia therapeutics SA - Holding of 100% of the share capital of Dahlia therapeutics SA in La Chaux-de-Fonds, 100'000 of 100'000 registered shares of CHF 1 each. The investment was acquired in 2014.

Rhizen Pharmaceuticals Inc., USA - Holding 10'000 Equity Share, representing 100% share capital

TG Therapeutics Inc. - Holding 375'000 Shares representing 0.443% share capital of TG therapeutics Inc.

8. RELATED PARTIES LIABILITIES

	31.03.2021	31.03.2020
c/c Rhizen Pharmaceuticals DMCC	5 675 000.00	1 175 000.00
Alembic Pharmaceuticals Limited	31 956.70	1 104 717.85
Total	5 706 956.70	2 279 717.85

9. ACCRUED EXPENSES AND DEFERRED INCOME

	31.03.2021	31.03.2020
Success Fees	7 000 000.00	0.00
Audit	5 893.70	7 231.70
Accounting	4 822.12	7 231.70
Taxes	688 500.00	0.00
Total	7 699 215.82	14 463.40

NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021

(with comparison at 31.03.2020)

(showed in USD)**10. OTHER LONG-TERM LIABILITIES**

	31.03.2021	31.03.2020
C/c Alembic Global Holding SA	0.00	4 843 491.76
Total	0.00	4 843 491.76

No interest bearing advance from Alembic Global Holding SA

11. SHAREHOLDER'S EQUITY

The share capital consists of 124'000 registered shares of a par value of CHF 1, paid to 100%, nominative, with transferability restrictions.

12. REVENUE OF SALES OF GOODS AND SERVICES

	31.03.2021	31.03.2020
Novartis Pharma	0.00	6 068.71
TG Therapeutics Inc.	38 398 020.04	9 842 159.91
Total	38 398 020.04	9 848 228.62

13. OTHER OPERATING EXPENSES

	31.03.2021	31.03.2020
Subscription	13 000.00	32 496.00
Rent	12 718.73	18 336.90
Insurance	64 526.63	67 972.65
Accounting services	29 090.07	33 259.62
Advice, project fees, develop.	1 119 687.62	326 954.54
Legal expenses	437 939.66	1 484.13
Management fees	1 505 232.95	1 005 071.79
Audit expenses	8 806.60	6 347.29
Success fees	7 000 000.00	0.00
Research and Development expenses	23 069 258.06	8 301 082.95
Postage & Courier	26 142.57	0.00
Miscellaneous Expenses	4 017.05	0.00
Total	33 290 419.94	9 793 005.87

NOTES TO THE FINANCIAL STATEMENTS AS OF 31.03.2021

(with comparison at 31.03.2020)

(showed in USD)

14. FINANCIAL EXPENSES/(INCOMES)

	31.03.2021	31.03.2020
Financial expenses	7 684.07	4 725.69
Currency loss	3 633.79	1 413.37
Currency gain	(492.77)	(663.37)
Total	10 825.09	5 475.69

15. OTHER INFORMATION PROVIDED BY LAW

Subsequent event - as a result of the coronavirus epidemiological crisis and the restrictions imposed by the authorities on trade and circulation, it is likely that our results will be significantly impacted downwards. At the date of this report, however, it is not possible to estimate the amount.

There are no other indications required by law to be mentioned in the notes pursuant to Art. 959aI. 1 c. 4. CO.

**PROPOSAL FOR EARNINGS EMPLOYMENT
OF THE BALANCE SHEET MARCH 31**

	31.03.2021	31.03.2020
	USD	USD
Available earnings		
Profit carried forward	150 573.09	107 303.09
Profit for the period	4 404 960.79	43 270.00
Profit carried to balance sheet	<u>4 555 533.88</u>	<u>150 573.09</u>
Proposal of the Board of Directors		
Carried forward	<u>4 555 533.88</u>	<u>150 573.09</u>
	<u>4 555 533.88</u>	<u>150 573.09</u>