

Rhizen Pharmaceuticals Inc.

Financial Statements

March 31, 2021 and March 31, 2020

KNAV P.A.

Certified Public Accountants
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America Counts on CPAs

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Independent Auditor's Report

Board of Directors
Rhizen Pharmaceuticals Inc.

We have audited the accompanying balance sheets of Rhizen Pharmaceuticals Inc. ('the Company') as at March 31, 2021 and March 31, 2020, statements of stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
April 30, 2021

Rhizen Pharmaceuticals Inc.
Financial Statements
March 31, 2021 and March 31, 2020

Financial Statements

Balance sheets

(All amounts are stated in United States Dollars, unless otherwise stated)

ASSETS

Current assets

Cash and cash equivalents	23,466	72,137
Prepaid expenses	-	1,905
Total assets	23,466	74,042

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities

Advance from parent company	11,966	57,788
Accounts payable	-	4,254
Other current liabilities	1,500	2,000
Total liabilities	13,466	64,042

Stockholder's equity

Common stock (<i>authorized, 10,000 common shares, \$1 par value; Nil shares issued</i>)	-	-
Additional paid in capital	10,000	10,000
Total stockholder's equity	10,000	10,000

Total liabilities and stockholder's equity	23,466	74,042
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(The accompanying notes are an integral part of these financial statements)

Statements of stockholder's equity

For the years ended March 31, 2021 and March 31, 2020

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Authorized common stock		Additional paid in capital	Total stockholder's equity
	Shares	Value (\$)		
Balance as at April 01, 2019	10,000	10,000	10,000	10,000
Balance as at March 31, 2020	10,000	10,000	10,000	10,000
Balance as at April 01, 2020	10,000	10,000	10,000	10,000
Balance as at March 31, 2021	10,000	10,000	10,000	10,000

(The accompanying notes are an integral part of these financial statements)

Statements of cash flows

(All amounts are stated in United States Dollars, unless otherwise stated)

Cash flows from operating activities

Net income

- -

Changes in assets and liabilities

Prepaid expenses

1,905 (1,666)

Receivable from parent company

- 30,827

Advance from parent company

(45,822) 57,788

Accounts payable and other current liabilities

(4,754) (22,433)

Net cash (used in) provided by operating activities

(48,671) 64,516

Net (decrease) increase in cash and cash equivalents

(48,671) 64,516

Cash and cash equivalents at the beginning of the year

72,137 7,621

Cash and cash equivalents at the end of the year

23,466 72,137

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Rhizen Pharmaceuticals Inc. (‘the Company’), a Delaware corporation, is a wholly owned subsidiary of Rhizen Pharmaceuticals S.A, (‘the Parent Company’). The Company was incorporated in 2015. The Company carries out research and development in the field of pharmaceuticals and biotechnology products, manufacturing, marketing and all related operations, including in the field of patents and other rights of intellectual property on behalf of the Parent Company on a cost re-imbusement basis.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America. The significant accounting policies are detailed below:

Basis of preparation

The financial statements are for the years ended March 31, 2021 and March 31, 2020. All amounts are stated in United States Dollars, unless specified otherwise. The Company conducts operations as a cost disbursing agent and contracts with vendors on behalf of the Parent Company. The Parent Company reimburses the Company for all expenses incurred on its behalf. The Company has not begun commercial operations and there are no expenses or income to report in the financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The management’s estimates of accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

Cash and cash equivalents

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprise of balances in bank accounts and cash in hand. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 for each insured bank for each account per depositor.

Concentrations of credit risk

The Company maintains deposit balances at times in excess of federally insured amounts.

Fair value measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C - RELATED PARTY TRANSACTIONS

The Company has conducted research and development activities on behalf of its Parent Company on a cost reimbursement basis. The amount received in advance as at March 31, 2021 is \$ 11,966 (March 31, 2020: \$ 57,788). The cost incurred on behalf of the Parent Company, on a full reimbursement basis, during the year ended March 31, 2021 is \$ 995,821 (March 31, 2020: \$ 1,851,385).

NOTE D - COMMON STOCK

Common stock authorized as at March 31, 2021 and March 31, 2020 was 10,000 shares of \$ 1 par value each. No shares have been issued by the Company as at March 31, 2021 and March 31, 2020.

NOTE E - RISK AND UNCERTAINTIES

The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's operations may be affected. However, the Company does not expect that the outbreak will have a material adverse effect on operations or financial results at this time.

NOTE F - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2021 which is the date the financial statements were available to be issued. No material subsequent event has been noted.