

**MOREPEN BIO, INC.
(FORMERLY KNOWN AS MOREPEN, INC.)**

FINANCIAL STATEMENT

**FOR THE YEAR ENDED
MARCH 31, 2023**

MOREPEN BIO, INC.

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Board Of Directors
Morepen Bio, Inc.
Plainsboro, NJ

INDEPENDENT AUDITOR'S REPORT

Opinion on the Financial Statements:

We have audited the accompanying financial statements of Morepen Bio, Inc.,(formerly known as Morepen, Inc.) which comprise the balance sheets as of March 31, 2023, and 2022 and the related statements of income and retained earnings, and cash flows for the years then ended

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morepen Bio Inc. "Company"), as of March 31, 2023 and 2022, and the results of its operation and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and in conformity with generally accepted accounting principles in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morepen Bio, Inc. and to meet our other ethical responsibilities relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related that we identified during the audit.

R. Venkataraman

Ravi Venkataraman, CPA
Princeton, NJ
May 8, 2023

MOREPEN BIO, INC.
(FORMERLY KNOWN AS MOREPEN, INC)
BALANCE SHEET
MARCH 31

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>Current Assets:</u>		
Cash	\$18,731	\$13,045
Accounts Receivable- Trade	567,730	385,798
Customer Advance	-	25,000
Security Deposits Rent	700	700
Goods in Transit	1,403,260	-
Total Current Assets	<u>1,990,421</u>	<u>424,543</u>
<u>Property and Equipments:</u>		
Computers	6,144	6,144
Less: Accumulated Depreciation	<u>(6,144)</u>	<u>(6,144)</u>
Net Fixed Assets	<u>-</u>	<u>-</u>
<u>Other Assets:</u>		
Right of Use Asset	43,204	-
Product Development Cost	<u>144,703</u>	<u>-</u>
Total Other Assets	<u>187,907</u>	<u>-</u>
 TOTAL ASSETS	 <u><u>2,178,328</u></u>	 <u><u>424,543</u></u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>Current Liabilities:</u>		
Accounts Payable	1,592,388	13,650
Corporate Taxes Payable	<u>27,800</u>	<u>-</u>
Total Current Liabilities	<u>1,620,188</u>	<u>13,650</u>
<u>Long Term Liabilities:</u>		
Lease Liability	<u>43,204</u>	<u>-</u>
Total Long Term Liabilities	<u>43,204</u>	<u>-</u>
<u>Stockholders' Equity:</u>		
Capital Stock	57,128	57,128
Retained Earnings	<u>457,808</u>	<u>353,764</u>
Total Stockholders' Equity	<u>514,936</u>	<u>410,892</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u><u>2,178,328</u></u>	 <u><u>\$424,543</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

MOREPEN BIO, INC.
(FORMERLY KNOWN AS MOREPEN, INC)
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31,

	<u>2023</u>	<u>2022</u>
Sales	\$3,281,931	\$270,205
Cost of Goods Sold	(2,930,800)	-
Gross Profit	<u>351,131</u>	<u>270,205</u>
Expenses		
Bank service charges	1,143	36
Product Development	-	4,550
Sample costs	3,604	-
Dues & Subscriptions	331	912
Repairs and Maintenance	250	100
Insurance	795	795
Office supplies and expense	727	237
Professional Fees	96,214	108,142
Rent	(4,650)	6,900
Lease expense	14,850	-
Travel & Entertainment	37,389	26,212
Payroll Expenses	60,000	60,000
Payroll Taxes	6,941	6,461
Utilities	2,995	1,668
Total Operating Expense	<u>220,589</u>	<u>216,013</u>
Income/(Loss) from operations	130,542	54,192
Other Income		-
Provision for taxes	(26,500)	(16,616)
Net Income	<u>104,042</u>	<u>37,576</u>
Retained Earnings-Beginning	\$353,764	\$277,209
Prior year Adjustement	2	38,979
Retained Earnings-Ending	<u><u>\$457,808</u></u>	<u><u>\$353,764</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

MOREPEN BIO, INC
(FORMERLY KNOWN AS MOREPEN, INC)
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED MARCH 31

<u>Cash Flow from Operating activities:</u>	<u>2023</u>	<u>2022</u>
Net Income/(Loss) for the period	\$104,042	37,576
Add: Depreciation	-	-
Prior period adjustment	2	38,979
Rounding off adjustment	(1)	
Changes in assets and liabilities:		
Accounts Receivable	(181,932)	4,469
Customer Advance	25,000	(25,000)
Security Deposits Rent	-	-
Goods in Transit	(1,403,260)	-
Right of Use Asset	(43,204)	-
Product Development Costs	(144,703)	-
Accounts Payable	1,578,738	7,150
Corporate taxes payable	27,800	-
Other current liabilities	-	(87,732)
Lease Liability	43,204	-
Net increase(decrease) in cash from Operating activities:	<u>\$5,686</u>	<u>(24,558)</u>
 <u>Cash Flow from Financing Activities :</u>		
Common Stock	<u>-</u>	<u>-</u>
Net increase in cash from Financing activities	-	-
 Cash - Beginning	 13,045	 37,603
Cash - Ending	<u><u>\$18,731</u></u>	<u><u>13,045</u></u>
 Supplementary Information:		
Taxes paid	\$26,500	\$16,616
Interest paid	\$0	\$0

See Independent Auditor's Report and Notes to the Financial Statements

MOREPEN BIO, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies:

A. General

Morepen Bio, Inc. (Company) was formerly known as Morepen, Inc. Morepen, Inc. was incorporated under the laws of New Jersey on September 30, 2005. Morepen, Inc. changed its name to Morepen Bio, Inc. on February 24, 2023. The Company is a wholly owned subsidiary of Morepen Laboratories Ltd.(MLL) with an initial capital contribution of \$ 50,000.00. The subsidiary is a trading outfit of MLL. The main business of the Company is to sell finished products of MLL and also do marketing for MLL's existing as well as new products. It also assists MLL in procurement of reference standards and other regulatory related activities with the end customers.

B. Basis of Presentation

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements. The financial statements are prepared on accrual basis. These financial statements are presented for the years ended March 31, 2023 and 2022.

C. Use of estimates in the preparation of financial statements:

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Note 2 - Significant business with certain clients:

Morepen Bio, Inc, has one customer who accounted for 100% of sales for the years ended March 31, 2023 and 2022. A loss of this customer could have a material impact on the financial condition of the company.

See Independent Auditor's Report

MOREPEN BIO, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 3- Lease Commitments

The Company has entered into a three year lease agreement for the location at 666 Plainsboro Road Suite #215 Plainsboro, NJ 08536. The period of the lease is July 1, 2022 to June 30, 2025. The annual base rent is as \$19,800 per year.

The Company recognizes and measures its lease in accordance with FASB ASC 842, Leases.

In February 2016, the Financial Accounting Standards Board (“FASB”) established Accounting Standards Codification (“ASC”) Topic 842, Leases, (“ASC Topic 842”) by issuing Accounting Standards Update (“ASU”) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On April 1, 2022, the Company had adopted ASC Topic 842 using the optional transition method to the modified retrospective approach, which eliminated the requirement to restate the prior period financial statements.

The Company recognizes lease expense on a straight-line basis excluding short-term and variable lease payments which are recognized as incurred. Short-term lease cost represents payments for leases with a lease term of twelve months or less, excluding leases with a term of one month or less.

For the year ended March 31, 2023, the Company recognized \$43,204 in operating lease ROU and \$43,204 in operating lease liability.

See Independent Auditor’s Report

MOREPEN BIO, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 3- Lease Commitments (Continued):

The office space is sub-let to a tenant for \$ 800 per month from April 2022-March 2023. The total rent collected from the tenant for the year ended March 31, 2023 was \$ 9,600.

Note 4- Related Party Transactions:

The Company purchased goods worth \$ 4,334,060 from its parent company, Morepen Laboratories Limited, India. As of March 31, 2023, goods worth \$ 1,403, 26 was in transit and reported as an Goods in Transit asset in the financial statements.

See Independent Auditor's Report