
PhorMed, Inc.

FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in United States Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PhorMed, Inc.
Beverly Hills, California

Opinion

We have audited the financial statements of PhorMed Inc. (the "Company,"), which comprise the balance sheet as of December 31, 2021 and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the result of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 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 the Company's ability to continue as a going concern for period of twelve months from the end of the year ended December 31, 2021.

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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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.

- Obtain 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 the 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 matters that we identified during the audit.

Going Concern

As discussed in Note 11, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

SetApart FS

March 14, 2022
Los Angeles, California



INDEPENDENT AUDITORS' REPORT



To the Board of Directors and Management of
PhorMed, Inc.
Beverly Hills, CA

Opinion

We have audited the accompanying financial statements of PhorMed, Inc. (a Nevada corporation) ("the Company"), which comprise the balance sheet as of December 31, 2020 and the related statements of operations, changes in stockholder' equity, and cash flows for the year ended December 31, 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PhorMed, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the period 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. 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 PhorMed, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 11 to the financial statements, the Company has suffered recurring losses from operations, does not have adequate cash reserves for future operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 PhorMed, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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, including omissions, 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.
- Obtain 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 PhorMed, Inc.'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.

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 matters that we identified during the audit.

Fruci & Associates II, PLLC

Spokane, Washington
May 5, 2021

PHORMED INC.
BALANCE SHEETS

As of December 31,	2021	2020
(USD \$ in Dollars)		
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 105,694	\$ 109,844
Prepays and other current assets	-	11,415
Crowdfunding receivable	-	173,749
Total current assets	105,694	295,008
Property and equipment, net	1,626	2,196
Intangible assets, net	76,404	43,718
Total assets	\$ 183,724	\$ 340,922
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 52,614	\$ 225,800
Note payable	-	37,494
Other current liabilities	165,000	100,000
Due to related party	9,650	-
Total current liabilities	227,264	363,294
Total liabilities	\$ 227,264	\$ 363,294
STOCKHOLDERS' EQUITY		
Common Stock	41,088	40,000
Additional Paid in Capital	1,510,086	958,488
Accumulated Deficit	(1,594,714)	(1,020,860)
Total stockholders' equity	(43,540)	(22,372)
Total liabilities and members' equity	\$ 183,724	\$ 340,922

See accompanying notes to financial statements.

PHORMED INC.
STATEMENTS OF OPERATIONS

For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
Net revenue	\$ -	\$ -
Cost of goods sold	-	-
Gross profit	-	-
Operating expenses		
General and administrative	355,870	242,872
Consulting expense	186,264	339,953
Research and development	25,135	275,759
Sales and marketing	6,585	83,665
Total operating expenses	573,854	942,249
Operating income/(loss)	(573,854)	(942,249)
Interest expense	-	5,911
Other Loss/(Income)	-	-
Income/(Loss) before provision for income taxes	(573,854)	(948,160)
Provision/(Benefit) for income taxes	-	-
Net income/(Net Loss)	\$ (573,854)	\$ (948,160)

See accompanying notes to financial statements.

PHORMED INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For Fiscal Year Ended December 31, 2021 and 2020

(USD \$ in Dollars, except per share data)	Common Stock		Paid-In Capital	Accumulated deficit	Total
	Shares	Amount			Stockholders' Equity
Balance—December 31, 2019	38,966,075	\$ 38,966	\$ -	\$ (72,700)	\$ (33,734)
Issuance of common shares	1,033,914	1,034	958,488	-	959,522
Net income/(loss)	-	-	-	(948,160)	(948,160)
Balance—December 31, 2020	39,999,989	\$ 40,000	\$ 958,488	\$ (1,020,860)	\$ (22,372)
Issuance of common stock	1,088,428	1,088	551,598	-	552,686
Net income/(loss)	-	-	-	(573,854)	(573,854)
Balance—December 31, 2021	41,088,417	\$ 41,088	\$ 1,510,086	\$ (1,594,714)	\$ (43,540)

See accompanying notes to financial statements.

PHORMED INC.
STATEMENTS OF CASH FLOWS

As of December 31,	2021	2020
(USD \$ in Dollars)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ (573,854)	\$ (948,160)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Depreciation and amortization	4,867	1,896
Changes in operating assets and liabilities:		
Prepays and other current assets	11,415	(11,415)
Accounts Payable	(163,536)	202,800
Accrued Expenses	-	5,911
Crowdfunding receivable	173,749	(173,749)
Other current liabilities	65,000	100,000
Net cash provided/(used) by operating activities	(482,359)	(822,717)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(2,636)
Purchases of Intangibles	(36,984)	(45,175)
Net cash used in investing activities	(36,984)	(47,811)
CASH FLOW FROM FINANCING ACTIVITIES		
Note payable	(37,494)	20,500
Issuance of common shares	552,686	959,522
Net cash provided/(used) by financing activities	515,192	980,022
Change in cash	(4,151)	109,494
Cash—beginning of year	109,844	350
Cash—end of year	\$ 105,693	\$ 109,844
Non Cash Investing and Financing Activities		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Conversion of debt into equity	\$ -	\$ -

See accompanying notes to financial statements.

PHORMED INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

1. NATURE OF OPERATIONS

PhorMed, Inc., was formed on May 15, 2019 in the state of Nevada. The financial statements of PhorMed, Inc. (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Beverly Hills, CA.

PhorMed Inc. is a biotech company whose primary function is R&D in drug development and clinical research. It is focused is on developing treatments in cancer and neurology and the primary indications in the pipeline are AML, Hodgkin's Lymphoma and Parkinson's disease. The company's proprietary drug is a platform technology and a gene repair therapy/immunotherapy. The company's mission is to treat unmet medical needs by treating the cause rather than the symptom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of expenses during the reporting periods. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for 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 as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

PHORMED INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2021 and 2020. These financial instruments include cash, accounts payable, and accrued liabilities. Fair values for these items were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company's cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2021 and December 31, 2020, the Company's cash and cash equivalents did not exceed FDIC insured limits.

Property and Equipment

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment are as follows:

Category	Useful Life
Computers	3 years

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

Revenue Recognition

The Company follows the provisions and the disclosure requirements described in ASU 2014-09 also referred to as Topic 606.

PHORMED INC.

NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

Revenue recognition, according to Topic 606, is determined using the following steps:

Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay and the contract has commercial substance.

Identification of performance obligations in the contract: Performance obligations consist of a promise in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Recognition of revenue when, or how, a performance obligation is met: Revenues are recognized when or as control of the promised goods or services is transferred to customers.

Income is principally comprised of revenues earned by the Company as part of the sale of its medical products. The Company has not had any revenues for fiscal years 2021 and 2020.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred. Advertising and promotional expense for the years ended December 31, 2021 and December 31, 2020 amounted to \$6,585 and \$83,665, which is included in sales and marketing expense.

Research and Development Costs

Costs incurred in the research and development of the Company's products are expensed as incurred. Research and development expense for the years ended December 31, 2021 and December 31, 2020 amounted to \$25,135 and \$275,759 which is included in sales and marketing expense.

Income Taxes

The Company is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

PHORMED INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

Subsequent Events

The Company considers events or transactions that occur after the balance sheets date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through March 14, 2022, which is the date the financial statements were issued.

Recently Issued and Adopted Accounting Pronouncements

In February 2019, FASB issued ASU No. 2019-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. The standard implementation did not have a material impact.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The standard implementation did not have a material impact.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

3. DETAILS OF CERTAIN ASSETS AND LIABILITIES

Other assets comprise primarily prepaid expenses, accounts payable comprise primary trade payables, other current liabilities comprise primarily accrued expenses.

4. PROPERTY AND EQUIPMENT

As of December 31, 2021 and December 31, 2020, property and equipment consist of:

PHORMED INC.

NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

<u>As of Year Ended December 31,</u>	<u>2021</u>	<u>2020</u>
Computer Equipment	\$ 2,582	\$ 2,635
Property and Equipment, at Cost	2,582	2,635
Accumulated depreciation	(956)	(439)
Property and Equipment, Net	\$ 1,626	\$ 2,196

Depreciation expense for property and equipment for the fiscal year ended December 31, 2021 and 2020 was in the amount of \$517 and \$439 respectively.

5. INTANGIBLE ASSETS

As of December 31, 2021, and December 31, 2020, intangible asset consists of:

<u>As of Year Ended December 31,</u>	<u>2021</u>	<u>2020</u>
Patents	\$ 82,212	\$ 45,175
Intangible assets, at Cost	82,212	45,175
Accumulated amortization	(5,808)	(1,457)
Intangible assets, Net	\$ 76,404	\$ 43,718

Entire intangible assets have been amortized. Amortization expense for trademarks and patents for the fiscal year ended December 31, 2021 and 2020 was in the amount of \$4,351 and \$1,457 respectively.

6. CAPITALIZATION AND EQUITY TRANSACTIONS

Preferred Stock

The total number of shares of Preferred Stock that the Corporation shall have authority to issue is ten million (10,000,000) shares. The Preferred Stock may be issued in one or more series, each series to be appropriately designated by a distinguishing letter or title, prior to the issuance of any shares thereof. The voting powers, designations, preferences, limitations, restrictions and relative participating optional and other rights and the qualifications, limitations, or restrictions thereof, of the Preferred Stock shall hereinafter be prescribed by resolution of the board of directors.

Common stock

The Company is authorized to issue 100,000,000 shares of common shares with the par value of \$0.001. As of December 31, 2021, and December 31, 2020, 41,088,417 and 39,999,989 shares of common stock have been issued and outstanding respectively. During the year ended December 31, 2019, the Company issued an aggregate 38,965,000 shares to its founding shareholders for services, and 1,075 shares were issued in conjunction with convertible notes. During the year ended December 31, 2020, and additional 2,050 shares were issued in conjunction with convertible notes. **Crowdfunding**

During the year ended December 31, 2019, the Company began an equity raise under Regulation CF. As of December 31, 2020 the Company had \$173,349 held in escrow for funds yet to be released to the Company. Total shares issued under this arrangement as of December 31, 2020 was \$1,031,864. The Company raised gross proceeds of \$1,066,673 and after fees and holdbacks the Company received cash proceeds of \$785,767 during the year ended December 31,

PHORMED INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

2020. As of December 31, 2020, the Company was due a total of \$173,349 of escrowed funds from the raise. There was a holdback of \$53,684 included in the escrowed funds that was released December 7, 2021, however the remaining \$119,665 was paid to the Company during the first quarter 2021.

7. DEBT

Promissory Notes & Loans

During 2019, the Company has entered into two promissory notes in the aggregate amount of \$10,750. During 2020, the Company entered into two additional promissory notes totaling \$20,500. The notes were convertible at a price equal to 20% discount on the price of common shares sold during the Company's Crowdfunding offering, which were sold at \$1.00/share. As of December 31, 2020, the Company would be required to issue roughly 47,000 shares upon full conversion of principal and interest. The details of the notes, the terms and outstanding balances are as follows:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	For the Year Ended December 2020					For the Year Ended December 2019				
					Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness	Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness
Chiropractic Care Center	\$ 10,000	20.00%	11/5/19	11/5/20	\$ 333	\$ 1,667	\$ 11,667	\$ -	\$ 11,667	\$ 333	\$ 333	\$ 11,083	\$ -	\$ 11,083
Peter Karlan Antiques	\$ 750	20.00%	12/13/19	12/12/20	\$ 150	\$ 150	\$ 900	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -
Rezaul Karin	\$ 20,000	20.00%	1/30/20	1/30/21	\$ 5,327	\$ 4,327	\$ 24,327	\$ -	\$ 24,327	\$ -	\$ -	\$ -	\$ -	\$ -
John Fenner	\$ 500	20.00%	1/17/20	1/17/21	\$ 100	\$ 100	\$ 600	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 31,250				\$ 5,911	\$ 6,244	\$ 37,494	\$ -	\$ 37,494	\$ 333	\$ 333	\$ 11,083	\$ -	\$ 11,083

The notes were converted during 2021, and as of December 31, there is no outstanding debt.

8. INCOME TAXES

The provision for income taxes for the year ended December 31, 2021 and December 31, 2020 consists of the following:

As of Year Ended December 31,	2021	2020
Net Operating Loss	\$ (171,238)	\$ (282,931)
Valuation Allowance	171,238	282,931
Net Provision for income tax	\$ -	\$ -

Significant components of the Company's deferred tax assets and liabilities at December 31, 2021, and December 31, 2020 are as follows:

As of Year Ended December 31,	2021	2020
Net Operating Loss	\$ (475,863)	\$ (304,625)
Valuation Allowance	475,863	304,625
Total Deferred Tax Asset	\$ -	\$ -

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2021 and December 31, 2020. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

For the fiscal year ending December 31, 2021, the Company had federal cumulative net operating loss ("NOL") carryforwards of \$1,594,714. Utilization of some of the federal and state NOL carryforwards to reduce future income

PHORMED INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. The federal net operating loss carryforward is subject to an 80% limitation on taxable income, does not expire, and will carry on indefinitely.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2021, and December 31, 2020, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2021, and December 31, 2020, the Company had no accrued interest and penalties related to uncertain tax positions.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

During 2020, the company entered a month-to-month rental contract with a certain landlord for shared workplace. As of December 31, 2021 and 2020, rent expenses were in the amount of \$31,757 and \$40,465 respectively.

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. Management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2021 and December 31, 2020.

The Company is contingently liable to issue 20,000,000 shares upon clinical trial approval milestone to RCH LLC, which is expected to occur during fiscal years ending December 31, 2022 and December 31, 2023.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2021 and December 31, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

10. RELATED PARTY TRANSACTIONS

On May 15, 2020, RLC Holdings LLC (wholly owned by Richard L. Chang, father of CEO Ben Chang and Chief Science Officer of the Company) and the Company entered into a consulting agreement. RLC Holdings LLC was offered and did purchase 28,610,000 common shares at par value (\$28,610) as a founder of the Company. Under the consulting agreement, RCL Holdings LLC, will be paid as to be paid \$240,000 annually. As of December 31, 2021 and December 31,

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NOTES TO FINANCIAL STATEMENTS

FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

2020, \$145,000 and \$150,000, respectively, was recorded as an outstanding liability as reflected on the Company's balance sheet included in accounts payable.

On May 15, 2020, Imagic LLC (wholly owned by Ben Chang, Chief Executive Officer and Chairman of the Board of Directors of the Company) and the Company entered into a consulting agreement. Imagic LLC was offered and did purchase 2,500,000 common shares at par value (\$2,500) as a founder of the Company. Under the consulting agreement, Imagic LLC, will be paid as to be paid \$276,000 annually. As of December 31, 2021 and December 31, 2020, \$0 and \$52,800, respectively, was recorded as an outstanding liability as reflected on the Company's balance sheet included in accounts payable.

On May 15, 2019, Dr. McCoy Moretz, Chief Operating Officer and Director entered into a consulting agreement. Dr. Moretz was offered and he purchased 2,500,000 common shares at par value (\$2,500) as a founder of the Company. Under the consulting agreement, Dr. Moretz was to be paid \$120,000 annually. As of December 31, 2021 and December 31, 2020, 0\$ and \$100,000, respectively was unpaid and accrued.

On January 4, 2021, Edward Pan, investor, entered into a consulting agreement. Edward Pan was offered and he purchased 500,000 common shares at par value (\$500) as a founder of the Company. Under the consulting agreement, Edward Pan was to be paid \$60,000 annually. As of December 31, 2021, \$20,000 was unpaid and accrued.

During the year ended December 31, 2021 the Company loaned \$9,650 from its members. As of December 31, 2021 amount due to members was \$9,650.

11. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has an accumulated deficit of \$1,594,714, an operating cash flow loss of \$482,359 and liquid assets in cash of \$105,694. The Company's situation raises a substantial doubt on whether the entity can continue as a going concern in the next twelve months.

The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results.

Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. During the next twelve months, the Company intends to fund its operations through debt and/or equity financing.

There are no assurances that management will be able to raise capital on terms acceptable to the Company. If it is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm its business, financial condition, and operating results. The accompanying financial statements do not include any adjustments that might result from these uncertainties.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that occurred after December 31, 2021 through March 14, 2022, the issuance date of these financial statements. There have been no events or transactions during this time which would have a material effect on these financial statements.