Raffles Financial

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE SIX-MONTH ENDED DECEMBER 31, 2025

April 7th, 2026

The following Management's Discussion and Analysis ("MD&A") of the financial condition of Raffles Financial Group Limited ("Raffles" or "the Company") and results of operations of the Company, should be read in conjunction with the condensed interim consolidated financial statements for the financial period ended December 31, 2025 ("2Q Financial Statements"). The 2Q Financial Statements together with this MD&A for the six-month financial period ended December 31, 2025 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The 2Q Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The Company's accounting policies are described in Note 3 of the 2Q Financial Statements.

All monetary amounts are in Singapore dollars ("S$") unless otherwise specified.

Description of Business

Raffles Financial Group Limited (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011.

On April 29, 2020, the Company changed its corporate jurisdiction from British Columbia to the Cayman Islands. The Company's common shares are listed on Canadian Securities Exchange under symbol "RICH". The trading in the Company's common shares was suspended effective from January 6, 2022 by a cease trade order issued by the Ontario and British Columbia Securities Commission.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organisations.

The current board and management are as follows as at the date of this MD&A:

- In Nany Sing Charlie, Non-Executive Chairman of the Board;
- Zhang Liying Abigail, Executive Director, Chief Executive Officer;
- Dong Shim, Chief Financial Officer;
- William Ying, Director; and
- Lily Ren, Director.

Overall Performance

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from future financings.

The Company had a net income of S$845,596 for the six-month financial period ended December 31, 2025 ("2Q2026"). For its last corresponding period ended December 31, 2024 ("2Q2025"), the Company had a net loss of S$70,743.

Selected Annual Information

	3-month ended December 31, 2025	3-month ended December 31, 2024	6-month ended December 31, 2025	6-month ended December 31, 2024
	S$	S$	S$	S$
Revenue	-	-	-	-
Loss before other items and income tax expenses	(188,548)	(65,567)	(269,292)	(132,346)
Net income	4,391,259	(69,532)	5,236,855	(140,275)
Total Comprehensive income	1,014,628	(3,790,466)	14,804,982	4,540,544
Basic and diluted earnings per share	0.09	0.00	0.10	0.00
Dividends declared to shareholders per share	-	-	-	-
Total assets	62,368,711	41,936,788	62,368,711	41,936,788
Total liabilities	1,197,813	1,178,641	1,197,813	1,178,641

For 2Q2026:

There was no revenue recorded for the years under review, which was attributable to the below factors:

(i) the cease trade order in place affected the confidence of the client.

Net Profit after tax, Other Income and Administrative Expenses

For 2Q2026:

In 2Q2026, the Company reported a net income of S$5,236,855 (2Q2025: net loss of S$140,275). The income and operating expenses incurred during the financial period are discussed below:

- Borrowing cost of S$7,907 (2Q2025: S$7,929) represents the interest expenses of a short-term borrowings. The Borrowings was an unsecured, interest-bearing loan facility of up to C$2,000,000, with each drawdown carrying a one-year maturity term and an interest rate of 8% per annum.

- Director fees of S$111,687 (2Q2025: S$115,140 was paid to the directors of the Company for their directors' services. The decrease in 2Q2026 compared to that in 2Q2025 were due to exchange difference.

- Transfer agent and regulator fees of S$119,915 (2Q2025: S$14,677) represented mainly the listing and filing fees in relation to the Company's listing on Canadian Securities Exchange.

Other Comprehensive Income

For 2Q2026:

In 2Q2026, the Company recorded an unrealised gain on financial assets at FVOCI of S$9,544,140 (2Q2025: S$5,207,867). The unrealised gain was derived from the Company's investment in an equity designated at FVOCI. The investment pertains to 575,000 ordinary shares of Tencent Holdings Limited, a company listed on the Hong Kong Stock Exchange.

The investment in equity securities was categorised at FVOCI according to the International Financial Reporting Standards No. 9 as the equity investment was not held for trading purposes and on initial recognition of the investment the Company made an election to designate the investment at FVOCI (non-recycling), such that subsequent changes in fair value were recognised in other comprehensive income.

Total Comprehensive Income

For 2Q2026:

The total comprehensive income for 2Q2026 was S$14,804,982 compared with S$4,540,544 in 2Q2025. The increase was attributable mainly to the (i) one-off gain on Asset Swap (as defined in Liquidity and Capital Resources section) and (ii) higher unrealised gain on financial assets at FVOCI of S$9,544,140 in 2Q2026, compared with that of S$5,207,867 in 2Q2025.

Related Party Transactions

For 2Q2026:

The Company considers all directors and officers of the Company to be key management personnel, and related parties. During 2Q2026, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued director fees of S$27,922 (2Q2025: S$28,787) to In Nany Sing Charlie, a director of the Company under contract for services. As at December 31, 2025, other payables and accrued liabilities included S$287,367 (as at June 30, 2025: S$52,162) due to this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$27,922 (2Q2025: S$28,787) to Zhang Liying, a director of the Company under contract for services. As at December 31, 2025, other payables and accrued liabilities included S$230,853 (as at June 30, 2025: S$202,813) due to this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$13,961 (2Q2025: S$14,393) to an independent director of the Company under contract for services. As at December 31, 2025, other payables and accrued liabilities included S$84,422 (as at June 30, 2025: S$70,387) due to this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued director fees of S$13,961 (2Q2025: Nil) to an independent director of the Company under contract for services. As at December 31, 2025, other payables and accrued liabilities included S$14,070 (as at June 30, 2025: Nil) due to this individual. These amounts were interest-free, non-secured and repayable on demand.

- Paid or accrued officer fees of S$27,922 (2Q2025: S$28,787) to a Chief Executive Officer of the Company under contract for services. As at December 31, 2025, other payables and accrued liabilities included S$28,141 (as at June 30, 2025: Nil). These amounts were interest-free, non-secured and repayable on demand.

Liquidity and Capital Resources

As at	December 31, 2025 S$	June 30, 2025 S$
Bank balance	85	99
Current assets	62,368,711	47,286,352
Current liabilities	1,197,813	920,436
Shareholders' equity	61,170,898	46,365,916

The following is a breakdown of current assets of the Company as at the financial year ended June 30, 2025 and the financial year ended June 30, 2024.

As at	December 31, 2025 S$	June 30, 2025 S$
ASSETS – Current assets		
Bank balance	85	99
Other receivables	-	94
Prepaid expenses and deposit	735	2,222
Inventory	62,367,891	-
Investment in equity securities	-	47,283,937
Total assets	**62,368,711**	**47,286,352**

As at December 31, 2025:

The current assets of the Company as at December 31, 2025 comprised of inventory of S$62,367,891, prepaid expenses and deposit of S$735, and a cash balance deposited in banks of S$85.

Movement in investment in equity securities and inventory

The investment in equity securities decrease from S$47,283,937 as at June 30, 2025 to Nil as at December 31, 2025.

On December 31, 2025, the Company entered into a definitive Asset Swap Agreement (the "Agreement") with an owner of the Stockbroker Firm. Pursuant to the Agreement, the Company swapped its entire holding of the Listed Securities, which had a fair value of approximately S$56.8 million as at the date of the Agreement, for physical assets comprising mesenchymal stromal cell ("MSC") inventory valued at S$62,367,891 (the "Asset Swap"). Therefore, as of the financial period ended December 31, 2025, the closing balance of the investment in Listed Securities was nil (as of December 31, 2025: S$47,283,937), and the closing balance of inventory was S$62,367,891 (as of December 31, 2025: Nil).

Movement in total assets

The Company recorded an increase in the current assets from S$47,286,352 as at June 30, 2025 to S$62,368,711 as at December 31, 2025, mainly attributable to the recognition of inventory of S$62,367,891 in 2Q2026 arising from the Asset Swap.

The following is a breakdown of liabilities of the Company as at the financial period ended December 31, 2025 and the financial year ended June 30, 2025:

As at	December 31, 2025 S$	June 30, 2025 S$
LIABILITIES – Current liabilities		
Accrued liabilities and other payables	956,864	687,395
Borrowings	240,949	233,041
	1,197,813	920,436
Total Liabilities	**1,197,813**	**920,436**

As at December 31, 2025:

The current liabilities of the Company as at December 31, 2025 comprised of accrued liabilities and other payables of S$241,816, amount due to directors of S$715,048 and borrowings of S$240,949.

The decrease in accrued liabilities and other payables to S$241,816 as at December 31, 2025 from S$295,013 as at June 30, 2025 was due mainly to settlement of the accruals and payables. The ending balance of the accrued liabilities and other payables represented the accrued expenses payable to various service providers.

The increase in amount due to directors to S$715,048 as at December 31, 2025 from S$392,382 as at June 30, 2025 was due mainly to the accrued director's fees for the directors in 2Q2026

The borrowings of the Company as at December 31, 2025 was S$240,949 (S$233,041 as at June 30, 2025). On January 1, 2023, the Company's wholly owned subsidiary, AOF entered into a convertible bond agreement with an independent third party (the "Lender"), pursuant to which the Lender agreed to provide AOF with an interest-bearing loan facility with an aggregate amount up to C$2,000,000 under a one-year maturity term upon each drawdown. The interest rate is 8% per annum and the loan is non-secured.

On December 1, 2023, AOF, the Lender, and the Company entered into an assignment agreement (the "Assignment"), pursuant to which all parties agreed to transfer all rights, obligations, and outstanding drawdowns under the original convertible bond agreement from AOF to the Company within 30 days from the signing date. As a result, the Company became the new borrower, assuming AOF's position under the loan agreement. As of the date of the Assignment, the principal amount of the loan drawn and transferred was S$198,238.

During the current financial year, the Company and the Lender agreed to extend the maturity of the loan to December 31, 2025. Subsequently, the maturity date of the loan has been further extended to June 30, 2026. The extended loan remains unsecured and carries an interest rate of 8% per annum. The increase in the borrowings from S$233,041 as of June 30, 2025 to S$240,949 as of December 31, 2025 was due to interest expenses incurred during 2Q2026.

In accordance with the terms of the convertible bond agreement, the Lender has the right to convert all or part of the outstanding loan balance into new ordinary shares of the Company at an exercise price of C$2.60 per share, at any time during the term of the loan. However, the total number of shares to be issued upon conversion shall not exceed 30% of the Company's enlarged share capital. The conversion right is subject to the approval of the Company's shareholders and the relevant Canadian regulatory authorities.

As of December 31, 2025, the required approvals had not been obtained. Accordingly, no equity component has been recognised for the conversion feature of the loan as of that date.

There were no non-current liabilities as at December 31, 2025.

The Company recorded an increase in the total liabilities from S$920,436 as at June 30, 2025 to S$1,197,813 as at December 31, 2025, attributable largely to the increase in amount due to directors and borrowings.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than normal operating requirements and as disclosed above.

The Company generally financed its working capital requirements through a combination of cash generated from its operating activities and advance from directors to fund its staff cost, operating expenses and administrative costs. Moving forward, the Company expect to fund its working capital requirements with a combination of various sources, including but not limited to cash generated from its operations and the net proceeds from share offer exercise, as well as other possible equity financings as and when appropriate.

For the financial period ended	**3-month ended December 31, 2025**	**3-month ended December 31, 2024**	**6-months ended December 31, 2025**	**6-month ended December 31, 2024**
	S$	**S$**	**S$**	**S$**
Net cash from/ (used in) from operating activities	10,801	(11,780)	1,758	(39,714)
Net cash generated from investing activities	-	-	-	-
Net cash generated from financing activities	-	-	-	-
Effect of foreign exchange on cash	(11,238)	8,832	(1,772)	39,989
Net (decrease)/ increase in cash and bank balance	**(437)**	**(2,948)**	**(14)**	**275**

For 2Q2026:

- The Company recorded operating cash outflow before working capital changes of S$269,292 from operating activities. The changes in working capital comprise of a decrease in other receivables, prepaid expenses and deposits of S$1,581, and an increase in other payable and accrued liabilities of S$269,469.

Off Balance Sheet Agreements

(a) On July 2, 2025, Mr. Xu Zhiyang, Mr. Lou Kuo-Hao and the Company entered into a novation agreement to novate the rights and obligations of the original seller, Mr. Xu Zhiyang in relation to the sales of 100% equity interest in Raffles Fintech Limited under the original share purchase agreement ("Original Agreement 1") dated November 4, 2022 to Mr. Lou Kuo-Hao as the new seller of RFT. Pursuant to the novation agreement, Mr. Lou Kuo-Hao undertakes to perform the Original Agreement 1 and to be bound by its terms in every way as if it were named in the Original Agreement 1 in place of Mr. Xu Zhiyang, saved for the terms of the performance-based consideration which shall be superseded by the following:

The Company has a right to choose the payment form of a performance consideration to Mr. Lou Kuo-Hao in either:

(i) a share consideration equivalent to 25% of the interest in the total issued shares capital of the Company on a post-transaction basis, shall RFT deliver an audited net profit after tax for the financial year ending December 31, 2025 of S$10,000,000; or

(ii) a share consideration of twelve times of RFT's audited net profit after tax for the financial year ending December 31, 2025 payable in the shares of the Company valued at C$6.00 per shares. It shall be satisfied by an issuance of new shares by the Company at a cap of 36,363,636 shares and subject to its shareholders' and/or relevant authorities' approval.

(b) On November 1, 2021, the Company announced that it will miss its filing deadline of October 28, 2021 (the "Filing Deadline"), to file its audited annual financial statements and accompanying management's discussion and analysis and related Chief Executive Officer and Chief Financial Officer certifications for the year ended June 30, 2021 (collectively, the "Annual Filings"). As a result of not filing the Annual Filings by the Filing Deadline, the Company became subject to a cease trade order (the "CTO") issued by the British Columbia Securities Commission (the "BCSC") and the Ontario Securities Commission (the "OSC") that will prohibit the trading in all securities of the Company by securityholders of the Company and will remain in effect until revoked by the BCSC and OSC.

Critical Accounting Policies and Estimates

The details of the Company's significant accounting policies are presented in Note 3 of the Audited Financial Statements.

Capital Management

Capital is comprised of the Company's shareholders' equity. The Company's shareholders' equity as at June 30, 2025 and as at December 31, 2025 were S$46,365,916 and S$61,170,898 respectively. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximise returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Management Financial Risks

Financial risks factors

The Company's activities expose it to credit risk, liquidity risk, currency risk, equity price risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Cash are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company performs ongoing reviews on the collectability of its trade receivables in order to mitigate any potential credit losses. The definition of trade receivables that are past due is determined by reference to terms agreed upon with individual customers. No trade receivables have been challenged by the respective customers and the Company continues to conduct business with them on an ongoing basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Based on management assessment, cash and receivables as at December 31, 2025 are not subject to any material credit losses.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) Currency risk

The functional currency is C$ for the Company and HK$ for RFT and RF. The Company also holds MCS inventory for trade in the Peoples' Republic of China which is valued in Renminbi. The Company is exposed to currency risk primarily through its cash balances and inventory, which are denominated in foreign currencies. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk related to these financial assets, at FVOCI is currently considered significant.

Foreign currency risk sensitivity analysis

	Base Value	Strengthening (+5%)	Weakening (-5%)	Impact (+5%)	Impact (-5%)
	S$	S$	S$	S$	S$
Renminbi	62,367,891	65,486,286	59,249,496	3,118,395	(3,118,395)

As at December 31, 2025, the Company held inventory valued in Renminbi totalling S$62,367,891. A 5% strengthening or weakening of the Renminbi against the respective foreign currencies would have resulted in a decrease or increase in the value of these balances by approximately S$3,118,395. This analysis assumes that all other variables remain constant.

(d) Equity price risk

The Company is exposed to equity price risk arising from its investments in quoted equity instruments which are classified as financial assets at FVOCI. The Company has a concentration of equity price risk due to one investment worth the whole amount of its portfolio.

Equity price risk arises from fluctuations in the market prices of these shares due to market volatility, changes in investor sentiment, and specific performance of the investee companies. The risk is managed through regular monitoring of the investment portfolio, diversification where applicable, and adherence to established investment policies.

At the reporting date, if the market prices of the quoted equity investments had increased or decreased by 10%, with all other variables held constant, the Company's other comprehensive income would have increased or decreased by nil (June 30, 2025: 4,728,394), mainly as a result of changes in the fair value of quoted equity investments.

(e) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(f) Fair value measurements

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of current financial assets and liabilities other than the investment approximate their carrying amounts due to the short term nature.

The equity investments at FVOCI include shares in publicly traded companies listed on a stock exchange. The fair value of equity investments at FVOCI is determined based on a market approach reflecting the closing price of each particular security at the consolidated financial position date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore equity investments at FVOCI are classified within Level 1 of the fair value hierarchy.

(g) Financial instruments by category

As at	December 31, 2025 S$	June 30, 2025 S$
Financial assets at amortised cost	820	193
Financial assets at fair value through other comprehensive income	-	47,283,937
Financial liabilities at amortised cost	1,197,813	920,436

Changes in Accounting Policies

In the current financial year, the Company has adopted all the new and amendments to IFRS Accounting Standards that are relevant to its operations and effective for the current financial year. Adoption of these new and amendments to IFRS Accounting Standards did not result in changes to the Company and its subsidiaries' accounting policies and has no material effect on the amounts reported for the current or prior years.

Outstanding Share Data

The following share capital data is current as of the date of this MD&A:

	Balance
Common shares issued and outstanding	50,105,000
Stock options	-
	50,105,000

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

On May 11, 2020, the Company issued 300,000 stock options with an exercise price of C$5.00 per share, at a fair value of C$1,019,754. These stock options are subject to vesting provisions such that 25% of the options vest three months from the date of grant, 25% of the stock options vest six months from the date of grant, 25% of the stock options vest nine months from the date of grant and 25% of the stock options vest twelve months from the date of grant. The fair value per option was C$3.40. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 0.38%, a forfeiture rate of 0%, and volatility of 100%.

These stock options expired during the last financial year on May 11, 2025.

During the period ended December 31, 2025 and 2024, the Company recorded no share-based compensation in relation to these stock options.

Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Singapore dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Singapore, the Peoples' Republic of China, Hong Kong, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.