Â Â UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549Â FORM 10-QÂ â˜’Â Quarterly report pursuant to section13 or 15(d) of the Securities Exchange Act of 1934for the quarterly period ended October 31, 2024.Â orÂ â˜Â Transition report pursuant tosection 13 or 15(d) of the Securities Exchange Act of 1934.Â Commission File Number: 000-55863Â Â RAFAEL HOLDINGS, INC.(Exact name of registrant as specified in its charter)Â Delaware Â 82-2296593 (State or other jurisdiction ofincorporation or organization) Â (I.R.S. EmployerIdentification No.) Â 520 Broad Street, Newark, New Jersey 07102(Address of principal executive offices, zip code)Â (212) 658-1450(Registrantâ€™s telephone number, includingarea code)Â Securities registered pursuant to Section 12(b)of the Act:Â Title of each class Â Trading Symbol Â Name of each exchange on which registered Class B common stock, par value $0.01 per share Â RFL Â New York Stock Exchange Â Indicate by check mark whether the registrant(1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months(or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirementsfor the past 90 days. Yes â˜’ No â˜Â Indicate by check mark whether the registrant has submitted electronicallyevery Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§ 232.405 of this chapter) during thepreceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes â˜’ No â˜Â Indicate by check mark whether the registrantis a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company.See definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ andâ€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.Â Large accelerated filer â˜ Accelerated filer â˜ Non-accelerated filer â˜’ Smaller reporting company â˜’ Emerging growth company â˜ Â Â If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accountingstandards provided pursuant to Section 13(a) of the Exchange Act. â˜Â Indicate by check mark whether the registrantis a shell company (as defined in Rule 12b-2 of the Act). Yes â˜ No â˜’Â The number of shares outstanding of the registrantâ€™scommon stock as of December 9, 2024 was:Â Class A common stock, par value $0.01 per share: 787,163 shares Class B common stock, par value $0.01 per share: 23,886,987 shares Â Â Â Â Â Â RAFAEL HOLDINGS, INC.Â TABLE OF CONTENTSÂ Part I. FINANCIAL INFORMATION 1 Â Item 1. Financial Statements (Unaudited) Â Â Â Consolidated Balance Sheets as of OctoberÂ 31, 2024 and JulyÂ 31, 2024 1 Â Â Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended OctoberÂ 31, 2024 and 2023 2 Â Â Consolidated Statements of Equity for the Three Months Ended OctoberÂ 31, 2024 and 2023 3 Â Â Consolidated Statements of Cash Flows for the Three Months Ended OctoberÂ 31, 2024 and 2023 5 Â Â Notes to the Consolidated Financial Statements 6 Â Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 48 Â Item 3. Quantitative and Qualitative Disclosures about Market Risk 54 Â Item 4. Controls and Procedures 54 Â Â Â Â Part II. OTHER INFORMATION 55 Â Item 1. Legal Proceeding 55 Â Item 1A. Risk Factors 55 Â Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 55 Â Item 3. Defaults Upon Senior Securities 55 Â Item 4. Mine Safety Disclosures 55 Â Item 5. Other Information 55 Â Item 6. Exhibits 55 Â Â Â Â SIGNATURES Â 56 Â i Â Â Â PART I. FINANCIAL INFORMATIONRAFAEL HOLDINGS, INC.CONSOLIDATED BALANCE SHEETS(in thousands, except share and per share data)Â Â Â Â October 31, 2024Â Â July 31, 2024Â Â Â (Unaudited)Â Â Â Â ASSETSÂ Â Â Â Â Â CURRENT ASSETSÂ Â Â Â Â Â Cash and cash equivalentsÂ $8,159Â Â $2,675Â Available-for-sale securitiesÂ Â 46,138Â Â Â 63,265Â Interest receivableÂ Â 438Â Â Â 515Â Convertible note receivables, due from CycloÂ Â 12,603Â Â Â 5,191Â Accounts receivable, net of allowance for credit losses of $245 at October 31, 2024 and July 31, 2024Â Â 201Â Â Â 426Â Prepaid expenses and other current assetsÂ Â 2,942Â Â Â 430Â Total current assetsÂ Â 70,481Â Â Â 72,502Â Â Â Â Â Â Â Â Â Â Property and equipment, netÂ Â 2,078Â Â Â 2,120Â Investments â€“ CycloÂ Â 7,645Â Â Â 12,010Â Investments â€“ Hedge FundsÂ Â â€”Â Â Â 2,547Â Convertible note receivable classified as available-for-saleÂ Â 1,161Â Â Â 1,146Â GoodwillÂ Â 3,050Â Â Â 3,050Â Intangible assets, netÂ Â 1,818Â Â Â 1,847Â In-process research and developmentÂ Â 1,575Â Â Â 1,575Â Other assetsÂ Â 27Â Â Â 35Â TOTAL ASSETSÂ $87,835Â Â $96,832Â Â Â Â Â Â Â Â Â Â LIABILITIES AND EQUITYÂ Â Â Â Â Â Â Â CURRENT LIABILITIESÂ Â Â Â Â Â Â Â Accounts payableÂ $2,700Â Â $2,556Â Accrued expensesÂ Â 1,379Â Â Â 1,798Â Convertible notes payableÂ Â 614Â Â Â 614Â Other current liabilitiesÂ Â 112Â Â Â 113Â Due to related partiesÂ Â 734Â Â Â 733Â Installment note payableÂ Â 1,700Â Â Â 1,700Â Total current liabilitiesÂ Â 7,239Â Â Â 7,514Â Â Â Â Â Â Â Â Â Â Accrued expenses, noncurrentÂ Â 3,138Â Â Â 2,982Â Convertible notes payable, noncurrentÂ Â 74Â Â Â 73Â Other liabilitiesÂ Â â€”Â Â Â 5Â TOTAL LIABILITIESÂ Â 10,451Â Â Â 10,574Â Â Â Â Â Â Â Â Â Â COMMITMENTS AND CONTINGENCIESÂ Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â EQUITYÂ Â Â Â Â Â Â Â Class A common stock, $0.01 par value; 35,000,000 shares authorized, 787,163 shares issued and outstanding as of October 31, 2024 and July 31, 2024Â Â 8Â Â Â 8Â Class B common stock, $0.01 par value; 200,000,000 shares authorized, 24,135,035 issued and 23,785,043 outstanding (excluding treasury shares of 101,487) as of October 31, 2024, and 24,142,535 issued and 23,819,948 outstanding (excluding treasury shares of 101,487) as of July 31, 2024Â Â 238Â Â Â 238Â Additional paid-in capitalÂ Â 280,359Â Â Â 280,048Â Accumulated deficitÂ Â (210,749)Â Â (201,743) Treasury stock, at cost; 101,487 Class B shares as of October 31, 2024 and July 31, 2024Â Â (168)Â Â (168) Accumulated other comprehensive income related to unrealized income on available-for-sale securitiesÂ Â 132Â Â Â 111Â Accumulated other comprehensive income related to foreign currency translation adjustmentÂ Â 3,696Â Â Â 3,691Â Total equity attributable to Rafael Holdings, Inc.Â Â 73,516Â Â Â 82,185Â Noncontrolling interestsÂ Â 3,868Â Â Â 4,073Â TOTAL EQUITYÂ Â 77,384Â Â Â 86,258Â TOTAL LIABILITIES AND EQUITYÂ $87,835Â Â $96,832Â Â See accompanying notes to the unaudited consolidatedinterim financial statements.Â 1 Â Â RAFAEL HOLDINGS, INC.CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVELOSS(unaudited, in thousands, except share and pershare data)Â Â Â Three Months Ended October 31,Â Â Â 2024Â Â 2023Â REVENUEÂ Â Â Â Â Â Infusion TechnologyÂ $51Â Â $â€”Â Rental â€“ Third PartyÂ Â 50Â Â Â 41Â Rental â€“ Related PartyÂ Â 27Â Â Â 27Â Total revenueÂ Â 128Â Â Â 68Â Â Â Â Â Â Â Â Â Â COSTS AND EXPENSESÂ Â Â Â Â Â Â Â Cost of Infusion Technology revenueÂ Â 37Â Â Â â€”Â General and administrativeÂ Â 2,523Â Â Â 2,040Â Research and developmentÂ Â 1,326Â Â Â 489Â Depreciation and amortizationÂ Â 86Â Â Â 17Â Loss from operationsÂ Â (3,844)Â Â (2,478) Â Â Â Â Â Â Â Â Â Interest incomeÂ Â 568Â Â Â 582Â Realized gain on available-for-sale securitiesÂ Â 194Â Â Â 177Â Realized loss on investment in equity securitiesÂ Â â€”Â Â Â (46) Realized gain on investment - CycloÂ Â â€”Â Â Â 424Â Unrealized loss on investment - CycloÂ Â (4,365)Â Â (2,124) Unrealized loss on convertible notes receivable, due from CycloÂ Â (1,588)Â Â â€”Â Unrealized loss on investment - Hedge FundsÂ Â â€”Â Â Â (166) Interest expenseÂ Â (162)Â Â â€”Â Other incomeÂ Â (2)Â Â 93Â Loss before income taxesÂ Â (9,199)Â Â (3,538) Provision for income taxesÂ Â (12)Â Â (6)

Equity in loss of Day ThreeÂ Â â€”Â Â Â (216) Â Â Â Â Â Â Â Â Â Consolidated net lossÂ Â (9,211)Â Â (3,760) Net loss attributable to noncontrolling interestsÂ Â (205)Â Â (122) Net loss attributable to Rafael Holdings, Inc.Â $(9,006)Â $(3,638) Â Â Â Â Â Â Â Â Â OTHER COMPREHENSIVE LOSSÂ Â Â Â Â Â Â Â Consolidated net lossÂ $(9,211)Â $(3,760) Unrealized gain on available-for-sale securitiesÂ Â 21Â Â Â 207Â Foreign currency translation adjustmentÂ Â 5Â Â Â (76) Comprehensive lossÂ Â (9,185)Â Â (3,629) Comprehensive loss attributable to noncontrolling interestsÂ Â (205)Â Â (119) Comprehensive loss attributable to Rafael Holdings, Inc.Â $(8,980)Â $(3,510) Â Â Â Â Â Â Â Â Â Loss per share attributable to common stockholdersÂ Â Â Â Â Â Â Â Basic and dilutedÂ $(0.37)Â $(0.15) Â Â Â Â Â Â Â Â Â Weighted average number of shares used in calculation of loss per shareÂ Â Â Â Â Â Â Â Basic and dilutedÂ Â 24,062,854Â Â Â 23,644,647Â Â See accompanying notes to the unaudited consolidatedinterim financial statements.Â 2 Â Â Â RAFAEL HOLDINGS, INC.CONSOLIDATED STATEMENTS OF EQUITYÂ (unaudited, in thousands, except sharedata)Â Â Â Three Months Ended October 31, 2024Â Â Â Common Stock,Â Â Â Common Stock,Â Â AdditionalÂ Â Â Â Â Accumulated otherÂ Â Â Â Â Treasury StockÂ Â Â Â Â Â SeriesÂ AÂ Â SeriesÂ BÂ Â paid-inÂ Â AccumulatedÂ Â comprehensiveÂ Â NoncontrollingÂ Â Class BÂ Â Â Â Â TotalÂ Â Â SharesÂ Â AmountÂ Â SharesÂ Â AmountÂ Â capitalÂ Â deficitÂ Â incomeÂ Â interestsÂ Â SharesÂ Â AmountÂ Â EquityÂ Balance at July 31, 2024Â Â 787,163Â Â $Â Â Â Â Â Â Â Â Â Â 8Â Â Â 23,819,948Â Â $Â Â Â Â Â Â Â Â Â Â 238Â Â $280,048Â Â $(201,743)Â $3,802Â Â $4,073Â Â Â 101,487Â Â $(168)Â $86,258Â Net lossÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (9,006)Â Â â€”Â Â Â (205)Â Â â€”Â Â Â â€”Â Â Â (9,211) Stock-based compensationÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 359Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 359Â Forfeiture of restricted stockÂ Â â€”Â Â Â â€”Â Â Â (7,500)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â Â Â Â Â â€”Â Â Â â€”Â Shares withheld for payroll taxesÂ Â â€”Â Â Â â€”Â Â Â (27,405)Â Â â€”Â Â Â (48)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (48) Unrealized gain on available-for-sale securitiesÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 21Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 21Â Foreign currency translation adjustmentÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 5Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 5Â Balance at October 31, 2024Â Â 787,163Â Â $8Â Â Â 23,785,043Â Â $238Â Â $280,359Â Â $(210,749)Â $3,828Â Â $3,868Â Â Â 101,487Â Â $(168)Â $77,384Â Â See accompanying notes to the unaudited consolidatedinterim financial statements.Â 3 Â Â RAFAEL HOLDINGS, INC.CONSOLIDATED STATEMENTS OF EQUITY(unaudited, in thousands, except sharedata)Â Â Â Â Three Months Ended October 31, 2023Â Â Â Â Common Stock,Â Â Common Stock,Â Â AdditionalÂ Â Â Â Â Accumulated otherÂ Â Â Â Â Treasury StockÂ Â Â Â Â Â SeriesÂ AÂ SeriesÂ BÂ Â paid-inÂ Â AccumulatedÂ Â comprehensiveÂ Â NoncontrollingÂ Â Class BÂ Â Â Â Â TotalÂ Â Â SharesÂ Â AmountÂ Â SharesÂ Â AmountÂ Â capitalÂ Â deficitÂ Â incomeÂ Â InterestsÂ Â SharesÂ Â AmountÂ Â EquityÂ Balance at July 31, 2023Â Â 787,163Â Â $Â Â Â Â 8Â Â Â 23,490,527Â Â $Â Â Â Â 236Â Â $264,010Â Â $(167,333)Â $3,372Â Â $(3,664)Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $â€”Â Â $96,629Â Net lossÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (3,638)Â Â â€”Â Â Â (122)Â Â â€”Â Â Â â€”Â Â Â (3,760) Stock-based compensationÂ Â â€”Â Â Â â€”Â Â Â 246,408Â Â Â 2Â Â Â 647Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 649Â Shares withheld for payroll taxesÂ Â â€”Â Â Â â€”Â Â Â (17,920)Â Â â€”Â Â Â (39)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (39) Unrealized gain on available-for-sale securitiesÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 207Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 207Â Sale of Rafael Medical Devices membership unitsÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 869Â Â Â â€”Â Â Â â€”Â Â Â 56Â Â Â â€”Â Â Â â€”Â Â Â 925Â Purchases of treasury stockÂ Â â€”Â Â Â â€”Â Â Â (50,700)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 50,700Â Â Â (79)Â Â (79) Dissolution of LevcoÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 19Â Â Â 37Â Â Â â€”Â Â Â â€”Â Â Â 56Â Foreign currency translation adjustmentÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (76)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (76) Balance at October 31, 2023Â Â 787,163Â Â $8Â Â Â 23,668,315Â Â $238Â Â $265,487Â Â $(170,971)Â $3,522Â Â $(3,693)Â Â 50,700Â Â $(79)Â $94,512Â Â See accompanying notes to the unaudited consolidatedinterim financial statements.Â 4 Â Â RAFAEL HOLDINGS, INC.CONSOLIDATED STATEMENTS OF CASH FLOWS(unaudited, in thousands)Â Â Â Three Months Ended October 31,Â Â Â 2024Â Â 2023Â Operating activitiesÂ Â Â Â Â Â Consolidated net lossÂ $(9,211)Â $(3,760) Adjustments to reconcile consolidated net lossÂ to net cash used in operating activitiesÂ Â Â Â Â Â Â Â Depreciation and amortizationÂ Â 86Â Â Â 17Â Gain on sale of property and equipmentÂ Â â€”Â Â Â (27) Net unrealized loss on investments - Hedge FundsÂ Â â€”Â Â Â 166Â Realized loss on investment in equity securitiesÂ Â â€”Â Â Â 46Â Realized gain on available-for-sale securitiesÂ Â (194)Â Â (177) Amortization of discount on available-for-sale securitiesÂ Â (257)Â Â (519) Realized gain on equity investments - CycloÂ Â â€”Â Â Â (424) Unrealized loss on equity investments - CycloÂ Â 4,365Â Â Â 2,124Â Unrealized loss on convertible notes receivable, due from CycloÂ Â 1,588Â Â Â â€”Â Gain on dissolution of a businessÂ Â â€”Â Â Â 18Â Equity in loss of Day ThreeÂ Â â€”Â Â Â 216Â Bad debt expenseÂ Â â€”Â Â Â 2Â Stock-based compensationÂ Â 359Â Â Â 649Â Â Â Â Â Â Â Â Â Â Change in assets and liabilities, net of effects from acquisitions:Â Â Â Â Â Â Â Â Trade accounts receivableÂ Â 225Â Â Â (18) Interest receivableÂ Â 77Â Â Â (33) Prepaid expenses and other current assetsÂ Â 35Â Â Â 796Â Other assetsÂ Â 8Â Â Â (33) Accounts payable and accrued expensesÂ Â (118)Â Â (266) Other current liabilitiesÂ Â (1)Â Â (908) Due to related partiesÂ Â 1Â Â Â (3) Other liabilitiesÂ Â (5)Â Â 1Â Net cash used in operating activitiesÂ Â (3,042)Â Â (2,133) Â Â Â Â Â Â Â Â Â Investing activitiesÂ Â Â Â Â Â Â Â Purchase of property and equipmentÂ Â (6)Â Â â€”Â Purchases of available-for-sale securitiesÂ Â (15,728)Â Â (47,525) Proceeds from the sale and maturities of available-for-sale securitiesÂ Â 33,318Â Â Â 47,462Â Issuance of related party promissory noteÂ Â â€”Â Â Â (250) Purchase of intangible assetsÂ Â (9)Â Â â€”Â Proceeds from sales of equity securitiesÂ Â â€”Â Â Â 271Â Issuance of Convertible Notes, due from CycloÂ Â (9,000)Â Â â€”Â Purchase of Investment in CycloÂ Â â€”Â Â Â (6,786) Proceeds from investments - Other PharmaceuticalsÂ Â â€”Â Â Â 42Â Net cash provided by (used in) investing activitiesÂ Â 8,575Â Â Â (6,786) Â Â Â Â Â Â Â Â Â Financing activitiesÂ Â Â Â Â Â Â Â Payments for taxes related to shares withheld for employee taxesÂ Â (48)Â Â (39) Purchases of treasury stockÂ Â â€”Â Â Â (79) Proceeds from sale of Rafael Medical Devices membership unitsÂ Â â€”Â Â Â 925Â Net cash (used in) provided by financing activitiesÂ Â (48)Â Â 807Â Â Â Â Â Â Â Â Â Â Effect of exchange rate changes on cash and cash equivalentsÂ Â (1)Â Â (189) Net increase (decrease) in cash and cash equivalentsÂ Â 5,484Â Â Â (8,301) Cash and cash equivalents, beginning of periodÂ Â 2,675Â Â Â 21,498Â Cash and cash equivalents, end of periodÂ $8,159Â Â $13,197Â Â Â Â Â Â Â Â Â Â Non-cash supplemental disclosureÂ Â Â Â Â Â Â Â Withdrawal receivable from Hedge Funds included in other current assetsÂ $2,547Â Â $2,500Â Â See accompanying notes to the unaudited consolidatedinterim financial statements.Â 5 Â Â RAFAEL HOLDINGS, INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â NOTE 1 â€“ DESCRIPTION OF BUSINESSÂ Description of BusinessÂ Rafael Holdings, Inc.

(â€œRafael Holdingsâ€,â€œRafaelâ€, â€œweâ€ or the â€œCompanyâ€) is a holding company with interests in clinical and early-stagepharmaceutical companies, including an investment in (and planned Merger (as defined below)with) Cyclo Therapeutics Inc. (Nasdaq: CYTH), (â€œCyclo Therapeuticsâ€ or â€œCycloâ€), a clinical stage biotechnologycompany dedicated to developing TrappsolÂ® Cycloâ„¢, which is being evaluated in clinical trials for the potentialtreatment of Niemann-Pick Disease Type C1 (â€œNPC1â€), a rare, fatal and progressive genetic disorder, a majority equity interestin LipoMedix Pharmaceuticals Ltd. (â€œLipoMedixâ€), a clinical stage pharmaceutical company, Barer Institute Inc. (â€œBarerâ€),a wholly-owned preclinical cancer metabolism research operation, and a majority interest in Cornerstone Pharmaceuticals, Inc. (â€œCornerstoneâ€),formerly known as Rafael Pharmaceuticals Inc., a cancer metabolism-based therapeutics company. We also hold a majority interest in RafaelMedical Devices, LLC (â€œRafael Medical Devicesâ€), an orthopedic-focused medical device company developing instruments to advanceminimally invasive surgeries, and a majority interest in Day Three Labs, Inc. (â€œDay Threeâ€), a company which empowers third-partymanufacturers to reimagine their existing cannabis offerings enabling them to bring to market better, cleaner, more precise and predictableversions by utilizing Day Threeâ€™s pharmaceutical-grade technology and innovation like Unloktâ„¢. In November 2022, the Company resolvedto curtail its early-stage development efforts, including pre-clinical research at Barer. The decision was taken to reduce spending asthe Company focuses on exploring strategic opportunities. Since then, the Company has sought partners for programs at Farber (as definedbelow) and has entered into a license agreement for one of its technologies that is in pre-clinical research stage. The Companyâ€™sprimary focus, to date, has been to expand our investment portfolio through opportunistic and strategic investments including therapeutics,which address high unmet medical needs. Upon closing of the planned Merger with Cyclo, the Company intends to focus its efforts on makingTrappsolÂ® Cycloâ„¢ its lead clinical program. In anticipation of that change in strategic focus, the Company is currentlyevaluating its operating entities (or portfolio of assets) to ensure the future focus of its resources on core assets and specificallythe TrappsolÂ® Cycloâ„¢ clinical and development efforts.Â Historically,the Company owned real estate assets. As of OctoberÂ 31, 2024, the Company holds a portionof a commercial building in Jerusalem, Israel as its remaining revenue generating real estate asset.Â In May2023, the Company first invested in Cyclo Therapeutics. Cyclo is a clinical-stage biotechnology company that develops cyclodextrin-basedproducts for the potential treatment of neurodegenerative diseases. Cycloâ€™s lead drug candidate is TrappsolÂ® Cycloâ„¢(hydroxypropyl beta cyclodextrin), a treatment for NPC1. NPC1 is a rare and fatal autosomal recessive genetic disease resulting in disruptedcholesterol metabolism that impacts the brain, lungs, liver, spleen, and other organs. In January 2017, the FDA granted Fast Track designationto TrappsolÂ® Cycloâ„¢ for the treatment of NPC1. Initial patient enrollment in the U.S. Phase I study commenced inSeptember 2017, and in May 2020, Cyclo announced Top Line data showing TrappsolÂ® Cycloâ„¢ was well tolerated in thisstudy. Cyclo is currently conducting a Phase 3 Clinical Trial evaluating TrappsolÂ® Cycloâ„¢in Pediatric and Adult Patients with Niemann-Pick Disease, Type C1.â€¯See Notes 11â€¯and 12 for more information on the Companyâ€™sinvestments in Cyclo. Â As discussed in more detail below, on August21, 2024, the Company entered into a Merger Agreement with Cyclo. In the event the Merger is consummated, the Company intends to fundthe TransportNPC phase III clinical trial, evaluating TrappsolÂ® Cycloâ„¢ in Niemann Pick C, to its interim analysisin the middle of 2025 and focus its efforts on TrappsolÂ® Cycloâ„¢ as its lead clinical program. At that point, theCompany will make a determination as to whether or not to file an NDA for TrappsolÂ® Cycloâ„¢.Â LipoMedixis a clinical stage Israeli company focused on the development of a product candidate that holds the potential to be an innovative, safe,and effective cancer therapy based on liposome delivery. As of July 31, 2024, the Companyâ€™s ownership interest in LipoMedix wasapproximately 95%. LipoMedix has completed various clinical stages of PromitilÂ®including Phase 1A (solid tumors) and 1B (as single agent and in combination with capecitabine and/or bevacizumab in colorectalcancer). Another phase 1B testing PromitilÂ® as radiosensitizer is ongoing and near completion. A total of 149 patients have beentreated with PromitilÂ® as a single agent, or in combination with other anticancer drugs or radiotherapy, under the framework of aphase 1A and two 1B clinical studies and under named patient approval for compassionate use.Â 6 Â Â RAFAEL HOLDINGS, INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â In 2019,the Company established Barer, a preclinical cancer metabolism research operation, to focus on developing a pipeline of novel therapeuticcompounds, including compounds designed to regulate cancer metabolism with potentially broader application in other indications beyondcancer. Barer was comprised of scientists and academic advisors that are experts in cancer metabolism, chemistry, and drug development.In addition to its own internal discovery efforts, Barer pursued collaborative research agreements and in-licensing opportunities withleading scientists from top academic institutions. Barerâ€™s majority owned subsidiary, Farber Partners, LLC (â€œFarberâ€),was formed around one such agreement with Princeton Universityâ€™s Office of Technology Licensing (â€œPrincetonâ€) for technologyfrom the laboratory of Professor Joshua Rabinowitz, in the Department of Chemistry, Princeton University, for an exclusive worldwide licenseto its SHMT (serine hydroxymethyltransferase) inhibitor program. In November 2022, the Company resolvedto curtail its early-stage development efforts, including pre-clinical research at Barer Institute. Since then, the Company hassought partners for Farber programs and has entered into a license agreement for one of its technologies that is in pre-clinical researchstage,Â The Company owns a 37.5% equity interest in RPFinance LLC (â€œRP Financeâ€), which was, until March 13, 2024 (the date of the RP Finance Consolidation, as described in Note3), accounted for under the equity method. RP Finance is an entity associated with members of the family of Howard Jonas (Executive Chairman,Chairman of the Board, and controlling stockholder of the Company) which holds 37.5% equity interest of RP Finance. RP Finance holds debtand equity investments in Cornerstone. In October 2021, Cornerstone received negative results of its Avenger 500 Phase 3 study for Devimistatin pancreatic cancer as well as a recommendation to stop its ARMADA 2000 Phase 3 study due to a determination that the trial would unlikelyachieve its primary endpoint (the â€œData Eventsâ€). Due to the Data Events, RP Finance fully impaired its then debt and equityinvestments in Cornerstone.Â On March 13, 2024, Cornerstone consummated a restructuringof its outstanding debt and equity interests (the â€œCornerstone Restructuringâ€). As a result of the Cornerstone Restructuring,Rafael became a 67% owner of the issued and outstanding common stock of Cornerstone (the â€œCornerstone Acquisitionâ€), and Cornerstonebecame a consolidated subsidiary of Rafael. The Cornerstone Acquisition is accounted for as an acquisition of a variable interest entitythat is not a business in accordance with U.S. GAAP. The Company was determined to be the accounting acquirer for financial reportingpurposes. See Note 3 to the Consolidated Financial Statements for additional information regarding the transaction. In conjunction withthe Cornerstone Restructuring and Cornerstone Acquisition, the Company reassessed its relationship with RP Finance, and as a result determinedthat RP Finance is still a variable interest entity and that the Company became the primary beneficiary of RP Finance as the Company nowholds the ability to control repayment of the RP Finance Line of Credit which directly impacts RP

Financeâ€™s economic performance.Therefore, following the Cornerstone Restructuring and Cornerstone Acquisition, the Company consolidated RP Finance (the â€œRP FinanceConsolidationâ€). See Note 3 for additional information on the Consolidation. The Companyis currently reviewing Cornerstoneâ€™s current efforts, prospects and available resources to determine the optimal operational direction.Â In May 2021,the Company formed Rafael Medical Devices, an orthopedic-focused medical device company developing instruments to advance minimally invasivesurgeries. In August 2023, the Company raised $925,000â€¯from third parties in exchange forâ€¯31.6% ownership of Rafael MedicalDevices. Â In April2023, the Company first invested in Day Three, a company which empowers third-party manufacturers to reimagine their existing cannabisofferings enabling them to bring to market better, cleaner, more precise and predictable versions by utilizing Day Threeâ€™s pharmaceutical-gradetechnology and innovation like Unloktâ„¢. In January 2024, the Company entered into a series of transactions with Day Threeand certain shareholders, acquiring a controlling interest of Day Three and subsequently consolidating Day Three's results (the â€œDayThree Acquisitionâ€). The Company is evaluating the prospects for Day Threeâ€™s technology and offerings.Â The â€œCompanyâ€ in these consolidatedfinancial statements refers to Rafael Holdings and its subsidiaries on a consolidated basis.Â 7 Â Â RAFAEL HOLDINGS, INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Â All majority-owned subsidiaries and RP Finance,LLC are consolidated with all intercompany transactions and balances eliminated in consolidation. In addition to Rafael Holdings, Inc.,the entities included in these consolidated financial statements are as follows:Â CompanyÂ Country of IncorporationÂ Percentage OwnedÂ Broad Atlantic Associates, LLCÂ United States â€“ DelawareÂ Â 100% IDT R.E. Holdings Ltd.Â IsraelÂ Â 100% Rafael Holdings Realty, Inc.Â United States â€“ DelawareÂ Â 100% Barer Institute, Inc.Â United States â€“ DelawareÂ Â 100%* Hillview Avenue Realty, JVÂ United States â€“ DelawareÂ Â 100% Hillview Avenue Realty, LLCÂ United States â€“ DelawareÂ Â 100% Rafael Medical Devices, LLCÂ United States â€“ DelawareÂ Â 68% Levco Pharmaceuticals Ltd.Â IsraelÂ Â 95%** Farber Partners, LLCÂ United States â€“ DelawareÂ Â 93% Pharma Holdings, LLCÂ United States â€“ DelawareÂ Â 90%*** LipoMedix Pharmaceuticals Ltd. (Note 9)Â IsraelÂ Â 95% Altira Capital & Consulting, LLCÂ United States â€“ DelawareÂ Â 67% CS Pharma Holdings, LLC (Note 4)Â United States â€“ DelawareÂ Â 45%*** Day Three Labs, Inc. (Note 10)Â United States â€“ DelawareÂ Â 84%**** Cornerstone Pharmaceuticals, Inc. (Note 3)Â United States â€“ DelawareÂ Â 67% RP Finance, LLC (Note 5)Â United States â€“ DelawareÂ Â 38% Â *In November 2022, the Company resolved to curtail its early-stagedevelopment efforts, including pre-clinical research at Barer. The decision was taken to reduce spending as the Company focuses on exploringstrategic opportunities.Â **During Fiscal 2022, the Company discontinued further materialinvestment in Levco. In August 2023, Levco was dissolved.Â ***50% of CS Pharma Holdings, LLC is owned by Pharma Holdings,LLC. We have a 90% ownership interest in Pharma Holdings, LLC and, therefore, an effective 45% economic interest in CS Pharma Holdings,LLC. The Company, along with CS Pharma Holdings, LLC and Pharma Holdings LLC, collectively own securities representing 67% of the outstandingcapital stock of Cornerstone.Â ****In May 2024, the Company increased its ownership interest inDay Three from 79% to 84%.Â NOTE 2 â€“ SUMMARY OF SIGNIFICANT ACCOUNTINGPOLICIESÂ Basis of PresentationÂ The accompanying consolidated financial statementsof the Company and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United Statesof America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of RegulationS-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Inthe opinion of management, all adjustments, which include only normal recurring adjustments, considered necessary for a fair presentationhave been included.Â The Companyâ€™s fiscal year ends on July 31 of each calendar year.Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal year 2024 refers tothe fiscal year ended July 31, 2024).Â Operating results for the three months ended October31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2025. The balance sheetat July 31, 2024 has been derived from the Companyâ€™s audited consolidated financial statements at that date but does not includeall of the information and footnotes required by U.S. GAAP for complete financial statements. Therefore, these financial statements shouldbe read in conjunction with the Companyâ€™s audited financial statements and notes thereto included in the Companyâ€™s AnnualReport on Form 10-K for the fiscal year ended July 31, 2024 (the "2024 Form 10-K") as filed with the U.S. Securities and ExchangeCommission (the â€œSECâ€) on November 7, 2024.Â 8 Â Â RAFAEL HOLDINGS, INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Use of EstimatesÂ The preparation of consolidated financial statementsin conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilitiesand disclosure of contingent assets and liabilities at the date of the consolidated balance sheet and the reported amounts of revenueand expenses during the reporting periods. Actual results could differ significantly from those estimates.Â LiquidityÂ As of OctoberÂ 31, 2024, the Company had cashand cash equivalents of approximately $8.2 million, and available-for-sale securities valued at approximately $46.1 million. The Companyexpects the balance of cash and cash equivalents, and available-for-sale securities to be sufficient to meet its obligations for at leastthe next 12 months from the issuance of these consolidated financial statements.Â Concentration of Credit Risk and SignificantCustomersÂ The Company routinely assesses the financial strengthof its customers. As a result, the Company believes that its accounts receivable credit risk exposure is limited.Â As of OctoberÂ 31, 2024 and JulyÂ 31,2024, there was one related party tenant which represented 24% and 50%, respectively, of the Company's accounts receivable balance.Â For the three months ended October 31, 2024, onecustomer represented 28% of the Company's total revenue, and one tenant and one related party tenant represented 39% and 21% of the Company'stotal revenue, respectively. For the three months ended October 31, 2023, one related party tenant represented 40% of the Companyâ€™stotal revenue.Â Cash and Cash EquivalentsÂ Â The Company considers all liquid investments withan original maturity of three months or less when purchased to be cash equivalents.Â Reservefor Receivables Â The allowance for credit losses reflects the Companyâ€™sbest estimate of lifetime credit losses inherent in the accounts receivable balance. The allowance is determined based on known troubledaccounts, historical experience and other currently available evidence. Doubtful accounts are written off upon final determination thatthe trade accounts will not be collected. The computation of this allowance is based on the tenantsâ€™ or customersâ€™ paymenthistories, as well as certain industry or geographic specific credit considerations. If the Companyâ€™s estimates of collectabilitydiffer from the cash received, then the timing and amount of the Companyâ€™s reported revenue could be impacted. The Company recordedbad debt expense, which is included in general and administrative expenses on the consolidated statements of operations and comprehensiveloss, of $0 and $2 thousand for the three months ended October 31, 2024 and 2023, respectively.Â Convertible Notes ReceivableÂ The Company holds convertible notes receivablethat are classified as available-for-sale as defined under Accounting Standards Codification (â€œASCâ€) 320, Investments -Debt and Equity Securities, and are recorded at fair value. Subsequent changes in fair value are recorded in accumulated other comprehensiveincome.Â The fair value of these convertible notes receivableare estimated using a scenario-based analysis based on the probability-weighted present value of future investment returns, consideringeach of the possible outcomes available to the Company, including cash repayment, equity conversion, and collateral transfer scenarios.Estimating the fair value of the convertible note requires the development of significant and subjective estimates that may, and are likelyto, change over the duration of the instrument with related changes in internal and external market factors.Â 9 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Variable Interest EntitiesÂ In accordance with ASC 810, Consolidation,the Company assesses whether it has a variable interest in legal entities in which it has a financial relationship and, if so, whetheror not those entities are variable interest entities (â€œVIEsâ€). For those entities that qualify as VIEs, ASC 810 requires theCompany to determine if the Company is the primary beneficiary of the VIE, and if so, to consolidate the VIE.Â If an entity is determined to be a VIE, the Companyevaluates whether the Company is the primary beneficiary. The primary beneficiary analysis is a qualitative analysis based on power andeconomics. The Company consolidates a VIE if both power and benefits belong to the Company â€“ that is, the Company (i) has the powerto direct the activities of a VIE that most significantly influence the VIEâ€™s economic performance (power), and (ii) has the obligationto absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE (benefits). The Companyconsolidates VIEs whenever it is determined that the Company is the primary beneficiary.Â InvestmentsÂ The method of accounting applied to long-terminvestments in equity securities involves an evaluation of the significant terms of each investment that explicitly grant or suggest evidenceof control or influence over the operations of the investee and also include the identification of any variable interests in which theCompany is the primary beneficiary. The consolidated financial statements include the Companyâ€™s controlled affiliates. All significantintercompany accounts and transactions between the consolidated affiliates are eliminated.Â Investments in equity securities may be accountedfor using (i) the fair value option, if elected, (ii) fair value through earnings if fair value is readily determinable or (iii) for equityinvestments without readily determinable fair values, the measurement alternative to measure at cost adjusted for any impairment and observableprice changes, as applicable. The election to use the measurement alternative is made for each eligible investment.Â The Company has elected the fair value optionto account for its investment in Cyclo Therapeutics, Inc., as the Company has significant influence over Cyclo's management. The fairvalue option is irrevocable once elected. The Company measured its initial investment in Cyclo at fair value and shall record all subsequentchanges in fair value in earnings in the consolidated statements of operations and comprehensiveloss. The Company believes the fair value option best reflects the underlying economics of the investment. The Company has determinedthat Cyclo is a VIE; however, the Company has determined that it is not the primary beneficiary as the Company does not have the powerto direct the activities of Cyclo that most significantly impact Cyclo's economic performance. SeeNote 11, â€œInvestment in Cyclo Therapeutics, Inc.â€Â Investments in which the Company does not havethe ability to exercise significant influence over operating and financial matters are accounted for in accordance with ASC 321, Investmentsâ€“ Equity Securities. Investments without readily determinable fair values are accounted for using the measurement alternativewhich is at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for theidentical or a similar investment of the same issuer. The Company periodically evaluates its investments for impairment due to declinesconsidered to be other than temporary. If the Company determines that a decline in fair value is other than temporary, then a charge toearnings is recorded in the accompanying consolidated statements of operations and comprehensive loss, and a new basis in the investmentis established.Â Investments - Hedge FundsÂ The Company accounts for its investments in hedgefunds in accordance with ASC 321, Investments â€“ Equity Securities. Unrealized gains and losses resulting from the changein fair value of these securities is included in unrealized loss on investments - Hedge Funds in the consolidated statements of operationsand comprehensive loss.Â 10 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Corporate Bonds and US Treasury Bills Â The Companyâ€™s marketable securities areconsidered to be available-for-sale as defined under ASC 320, Investments - Debt and Equity Securities, and are recorded at fairvalue. Unrealized gains or losses are included in accumulated other comprehensive loss. Realized gains or losses are determined usingthe specific identification method and are released from accumulated other comprehensive loss and into earnings on the consolidated statementsof operations and comprehensive loss.Â Effective August 1, 2023, the Company uses a currentexpected credit losses (â€œCECLâ€) model to estimate the allowance for credit losses on available-for-sale debt securities. Foravailable-for-sale debt securities in an unrealized loss position, management first assesses whether it intends to sell, or it is morelikely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteriaregarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. Foravailable-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair valuehas resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is lessthan amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to thesecurity, among other factors.Â If this assessment indicates that a credit lossexists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security.If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowancefor credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Anydecline in fair value that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Noallowance for credit losses on available-for-sale securities was recognized by the Company at OctoberÂ 31, 2024.Â Cost Method InvestmentÂ Prior to the Cornerstone Acquisition, the Companyhad determined that Cornerstone was a VIE; however, the Company had determined that it was not the primary beneficiary as the Companydid not have the power to direct the activities of Cornerstone that most significantly impact Cornerstoneâ€™s economic performance.See Note 3 for additional information.Â Equity Method InvestmentsÂ Investments classified as equity method consistof investments in companies in which the Company is able to exercise significant influence but not control. Under the equity method ofaccounting, the investment is initially recorded at cost, then the Companyâ€™s proportional share of investeeâ€™s underlying netincome or loss is recorded as a component of income from operations, with a corresponding increase or decrease to the carrying value ofthe investment. These investments are evaluated for impairment if events or circumstances arise that indicate that the carrying amountof such assets may not be recoverable.Â The Company has determined that RP Finance andDay Three are VIEs. Prior to the RP Finance Consolidation, which occurred as a result of the Cornerstone Acquisition, and the Day ThreeAcquisition, the Company accounted for RP Finance and Day Three under the equity method of accounting. As of

January 2, 2024, Day Threeis consolidated as a majority-owned subsidiary. In conjunction with the Cornerstone Acquisition on March 13, 2024, the Company reassessedits relationship with RP Finance and, as a result, the Company has consolidated RP Finance.Â Long-Lived AssetsÂ Â Equipment, buildings, leasehold improvements,and furniture and fixtures are recorded at cost less accumulated depreciation and amortization. The related depreciation and amortizationare computed using the straight-line method over the estimated useful lives, which range as follows:Â Â ClassificationÂ Years Building and improvementsÂ 40 Tenant improvementsÂ 7-15 Machinery and equipmentÂ 3-5 Other (primarily office equipment, furniture and fixtures)Â 5 Â 11 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â PropertiesÂ The Company owns a portion of the 6th floor ofa building located at 5 Shlomo Halevi Street, in Jerusalem, Israel.Â Business CombinationsÂ The purchase price for acquisitions are allocatedto the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The fair value of identifiableintangible assets is based on detailed valuations that use information and assumptions provided by management, including expected futurecash flows. We allocate any excess purchase price over the fair value of the identifiable net assets and liabilities acquired to goodwill.Identifiable intangible assets with finite lives are amortized over their useful lives. Acquisition-related costs, including advisory,legal, accounting, valuation, and other costs, are expensed in the periods in which the costs are incurred. The results of operationsof acquired businesses are included in the consolidated financial statements from the acquisition date.Â Impairment of Long-Lived AssetsÂ The Company assesses the recoverability of long-livedassets, which include property and equipment, intangible assets, in-process research and development and patents, whenever significantevents or changes in circumstances indicate that its carrying amount may not be recoverable. If indicators of impairment exist, projectedfuture undiscounted cash flows associated with the asset are compared to its carrying amount to determine whether the asset's carryingvalue is recoverable. Any resulting impairment is recorded as a reduction in the carrying value of the related asset in excess of fairvalue and a charge to operating results. For the three months ended October 31, 2024 and 2023, the Company determined there was no impairmentof its long-lived assets.Â GoodwillÂ The Company assesses goodwill for impairment onan annual basis or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The Companyregularly monitors current business conditions and other factors including, but not limited to, adverse industry or economic trends andlower projections of profitability that may impact future operating results. The process of evaluating the potential impairment of goodwillrequires significant judgment. In performing the Company's annual goodwill impairment test, the Company is permitted to first assess qualitativefactors to determine whether it is more likely than not that the fair value of any of the Company's reporting units is less than its carryingamount, including goodwill. In performing the qualitative assessment, the Company considers certain events and circumstances specificto the reporting unit and the entity as a whole, such as macroeconomic conditions, industry and market considerations, overall financialperformance and cost factors when evaluating whether it is more likely than not that the fair value of any of the reporting units is lessthan its carrying amount. The Company is also permitted to bypass the qualitative assessment and proceed directly to the quantitativetest. If the Company chooses to undertake the qualitative assessment and concludes that it is more likely than not that the fair valueof a reporting unit is less than its carrying amount, the Company would then proceed to the quantitative impairment test. In the quantitativeassessment, the Company compares the fair value of the reporting unit to its carrying amount, which includes goodwill. If the fair valueexceeds the carrying value, no impairment loss exists. If the fair value is less than the carrying amount, a goodwill impairment lossis measured and recorded.Â The Company assesses goodwill for impairment onan annual basis as of May 31 or more frequently when events and circumstances occur indicating that recorded goodwill may be impaired.The Company did not record a goodwill impairment charge during the three months ended October 31, 2024.Â In-Process Research and DevelopmentÂ The Company has acquired in-process research anddevelopment (â€œIPR&Dâ€) intangible assets pursuant to a business combination. These IPR&D assets are considered indefinite-livedintangible assets until completion or abandonment of the associated research and development efforts. These IPR&D assets are not amortizedbut reviewed for impairment at least annually, or when events or changes in the business environment indicate the carrying value may beimpaired.Â Acquired IPR&D pursuant to an asset acquisitionthat has no alternative future use is expensed immediately as a component of in-process research and development expense in the consolidatedstatements of operations and comprehensive loss.Â 12 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Revenue RecognitionÂ The Company applies the five-step approach asdescribed in ASC 606, Revenue from Contracts with Customers, which consists of the following: (i) identifying the contract witha customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating thetransaction price to the performance obligations in the contract and (v) recognizing revenue when (or as) the entity satisfies a performanceobligation. The Company disaggregates its revenue by source within its consolidated statements of operations and comprehensive loss.Â The Company's infusion technology revenue is derivedfrom Day Three's Unlokt technology which is recognized in accordance with ASC 606. Day Three provides manufacturing services where theyuse proprietary technology, equipment, and processes to manufacture water-soluble product for their customers at their customer facilities.Day Three is acting as a principal in the transaction, as it is primarily responsible for fulfillment and acceptability of the services.Infusion technology revenue is recognized over time as the Company's performance obligation is satisfied, which is generally within a30-day period. The criterion in ASC 606-10-25-27, that the entity's performance creates or enhances an asset that the customer controlsas the asset is created or enhanced, is met given that the customer is controlling the product as Day Three is performing the serviceon the customer's premises. Revenue is recognized over the period of performance using an output method where the number of grams producedis the output, as such method best depicts the Company's efforts to satisfy the performance obligation. Customer billings in advance ofrevenue recognition result in contract liabilities. As of OctoberÂ 31, 2024, there were no contract liabilities recognized on theconsolidated balance sheets related to infusion technology revenue.Â As an owner and operator of real estate, the Companyderives rental revenue from leasing office and parking space to tenants at its property. In addition, the Company earns revenue from recoveriesfrom tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs. Revenuefrom recoveries from tenants is recorded together with rental income on the consolidated statements of operations and comprehensive losswhich is also consistent with the guidance under ASC 842, Leases.Â Contractual rental revenue is reported on a straight-linebasis over the terms of the respective leases. Accrued rental income, included within other assets on the consolidated balance sheets,represents cumulative rental income earned in excess of rent payments received pursuant to the terms of the individual lease agreements.Â Cost of Infusion Technology RevenueÂ The cost of Infusion Technology revenue includescosts related to supplies, materials, production labor, and travel costs.Â Research and Development

CostsÂ Research and development costs and expenses incurredby consolidated entities consist primarily of salaries and related personnel expenses, stock-based compensation, fees paid to externalservice providers, laboratory supplies, costs for facilities and equipment, license costs, and other costs for research and developmentactivities. Research and development expenses are recorded in operating expenses in the period in which they are incurred. Estimates havebeen used in determining the liability for certain costs where services have been performed but not yet invoiced. The Company monitorslevels of performance under each significant contract for external service providers, including the extent of patient enrollment and otheractivities through communications with the service providers to reflect the actual amount expended.Â Contingent milestone payments associated withacquiring rights to intellectual property are recognized when probable and estimable. These amounts are expensed to research and developmentwhen there is no alternative future use associated with the intellectual property. There were no such payment expenses during the threemonths ended October 31, 2024 and 2023, respectively.Â 13 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Stock-Based CompensationÂ The Company accounts for stock-based compensationusing the provisions of ASC 718, Stock-Based Compensation, which requires the recognition of the fair value of stock-based compensation.Stock-based compensation is estimated at the grant date based on the fair value of the awards. The Company accounts for forfeitures ofgrants as they occur. Compensation cost for awards is recognized using the straight-line method over the vesting period. Stock-based compensationis included in general and administrative expense and research and development expense in the consolidated statements of operations andcomprehensive loss.Â Income TaxesÂ The Company recognizes deferred tax assets andliabilities for the future tax consequences attributable to temporary differences between the financial statements carrying amounts ofexisting assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not thatsome portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets depends on the generationof future taxable income during the period in which related temporary differences become deductible. The Company considers the scheduledreversal of deferred tax liabilities, projected future taxable income and tax planning strategies in its assessment of a valuation allowance.Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in whichthose temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change intax rates is recognized in income in the period that includes the enactment date of such change.Â The Company uses a two-step approach for recognizingand measuring tax benefits taken or expected to be taken in a tax return. The Company determines whether it is more likely than not thata tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technicalmerits of the position. In evaluating whether a tax position has met the more likely than not recognition threshold, the Company presumesthat the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positionsthat meet the more-likely-than-not recognition threshold are measured to determine the amount of tax benefit to recognize in the financialstatements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimatesettlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generallyresult in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable,a reduction in a deferred tax asset, or an increase in a deferred tax liability.Â The Company classifies interest and penaltieson income taxes as a component of income tax expense, if any.Â ContingenciesÂ The Company accrues for loss contingencies whenboth (a) information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurredat the date of the financial statements and (b) the amount of loss can reasonably be estimated. When the Company accrues for loss contingenciesand the reasonable estimate of the loss is within a range, the Company records its best estimate within the range. When no amount withinthe range is a better estimate than any other amount, the Company accrues the minimum amount in the range. The Company discloses an estimatedpossible loss or a range of loss when it is at least reasonably possible that a loss may have been incurred.Â Fair Value MeasurementsÂ Fair value of financial and non-financial assetsand liabilities is defined as an exit price, which is the price that would be received to sell an asset or paid to transfer a liabilityin an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used to measure fairvalue, which prioritizes the inputs to valuation techniques used to measure fair value, is as follows:Â â—Level 1 - quoted prices in active markets for identical assets or liabilities;Â â—Level 2 - quoted prices in active markets for similar assets and liabilities and inputs that are observablefor the asset or liability; orÂ â—Level 3 - unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.Â A financial assetâ€™s or liabilityâ€™sclassification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Theassessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of theassets and liabilities being measured and their placement within the fair value hierarchy.Â 14 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Functional CurrencyÂ The U.S. Dollar is the functional currency ofour entities operating in the United States. The functional currency for our subsidiaries operating outside of the United States is theNew Israeli Shekel, the currency of the primary economic environment in which such subsidiaries primarily expend cash. The Company translatesthose subsidiariesâ€™ financial statements into U.S. Dollars. The Company translates assets and liabilities at the exchange rate ineffect as of the consolidated financial statement date, and translates accounts from the consolidated statements of operations and comprehensiveloss using the weighted average exchange rate for the period. The Company reports gains and losses from currency exchange rate changesrelated to intercompany receivables and payables, which are not of a long-term investment nature, as part of other comprehensive loss.Â Loss Per ShareÂ Basic loss per share is computed by dividing netloss attributable to all classes of common stockholders of the Company by the weighted average number of shares of all classes of commonstock outstanding during the applicable period. Diluted loss per share is determined in the same manner as basic loss per share, exceptthat the number of shares is increased to include restricted stock still subject to risk of forfeiture and to assume exercise of potentiallydilutive stock options using the treasury stock method, unless the effect of such increase would be anti-dilutive.Â Recently Adopted Accounting PronouncementsÂ In August 2020, the FASB issued ASU No. 2020-06,Accounting for Convertible Instruments and Contracts in an Entityâ€™s Own Equity (â€œASU 2020-06â€), which simplifiesan issuerâ€™s accounting for convertible instruments by reducing the number of accounting models that require separate accountingfor embedded conversion features. ASU 2020-06 also simplifies the settlement assessment that entities are required to perform to determinewhether a contract qualifies for equity classification and makes targeted improvements to the disclosures for convertible instrumentsand earnings-per-share (â€œEPSâ€) guidance. This update is effective for the Companyâ€™s fiscal years beginning after December15, 2023, and interim periods within those fiscal years. The Company adopted the standard effective August 1, 2024. The adoption did nothave a material impact on the Companyâ€™s consolidated financial statements.Â Recently Issued Accounting Standards Not YetAdoptedÂ In November 2023, the FASB issued ASU 2023-07,Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (â€œASU 2023-07â€). ASU 2023-07 updatesreportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effectivefor all entities for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financialstatements. The new guidance is effective for the Company in the annual period beginning August 1, 2024 and interim periods beginningFebruary 1, 2025.Â From time to time, new accounting pronouncementsare issued by the FASB or other standard setting bodies and are adopted by the Company as of the specified effective date. The Companybelieves that the impact of recently issued standards that are not yet effective will not have a material impact on its financial positionor results of operations upon adoption.Â 15 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â NOTE 3 - CORNERSTONE RESTRUCTURING, ACQUISITION, AND RP FINANCECONSOLIDATIONÂ Prior to the Cornerstone Restructuring, Rafael (directly via certainof its subsidiaries, and through an equity method investment in RP Finance) held certain debt and equity investments in Cornerstone, whichare described in Note 4.Â Restructuring of CornerstoneÂ On March13, 2024, Rafael, Cornerstone, and other holders of debt and equity securities of Cornerstone agreedto various transactions which effected a recapitalization and restructuring of the outstanding debt and equity interests in Cornerstone.In the Cornerstone Restructuring, Rafael obtained shares of common stock of Cornerstone (â€œCornerstoneCommon Stockâ€) that gave the Company control over approximately 67% ofthe outstanding voting interests of Cornerstone (the â€œCornerstone Acquisitionâ€).For accounting purposes, Rafael was determined to be the acquirer, as the Company has been determined to be the primary beneficiaryof Cornerstone, a VIE, in accordance with ASC 810. For Rafael, the Cornerstone Acquisitionis the result of the Cornerstone Restructuring. As part of the Cornerstone Restructuring:Â (i) all issued and outstandingshares of Cornerstoneâ€™s preferred stock and non-voting common stock converted into shares of Cornerstone Common Stock (the â€œMandatoryCommon Conversionâ€) on a one-for-one basis, which shares of Cornerstone Common Stock were then subjected to the Reverse Stock Split(as defined below), including the conversion of Rafael's 60,673,087 shares of Cornerstoneâ€™s Series D Preferred Stock into 6,067,306shares of post-Reverse Stock Split Cornerstone Common Stock;Â (ii) Cornerstone offered sharesof Cornerstoneâ€™s Common Stock to all holders of Cornerstoneâ€™s promissory notes convertible into Cornerstone Series C preferredstock (the â€œSeries C Convertible Notesâ€) who were Accredited Investors with the purchase price to be paid through conversionof the outstanding principal amount and accrued interest on their Series C Convertible Notes held by each holder into Common Stock atthe Cornerstone Restructuring Common Stock Price as described below (the â€œSeries C Convertible Notes Exchangeâ€). Approximately94% of the outstanding Series C Convertible Notes participated in the Series C Convertible Notes Exchange, and $15.5 million of principaland accrued interest outstanding on the Series C Convertible Notes was converted into 15,739,661 shares of post-Reverse Stock Split CornerstoneCommon Stock. Series C Convertible Notes with an aggregate principal and accrued interest amount of $0.9 million remaining outstanding,of which Series C Convertible Notes with an aggregate principal and accrued interest amount of $93 thousand were amended in the CornerstoneRestructuring to (A) extend the maturity date thereof to May 31, 2028 and (B) provide that, on conversion thereof, the converting holderwill receive shares of Cornerstone Common Stock. The holders of these amended Series C Convertible Notes that remain outstanding waivedsuch holdersâ€™ rights in connection with the Cornerstone Restructuring. Series C Convertible Notes with an aggregate principal andaccrued interest amount of $0.8 million remained outstanding and were not amended in connection with the Cornerstone Restructuring. Theprincipal and accrued interest are included in Convertible Notes on the consolidated balance sheets;Â (iii) Rafael converted theapproximately $30.6 million of the outstanding principal and accrued interest under the RFL Line of Credit (as defined in Note 4) into30,080,747 shares of post-Reverse Stock Split Cornerstone Common Stock. The conversion of the RFL Line of Credit, inclusive of accruedinterest, into equity in Cornerstone represents a recovery of a previously written-off asset, and the Company recorded the recovery inaccordance with ASC 326, by recognizing a gain of $30.6 million, in conjunction with and immediately prior to the Cornerstone Restructuringequal to the fair value of the Cornerstone Common Stock, up to the amount of principal and accrued interest on the instrument, that wasreceived in settlement of the RFL Line of Credit in connection with the Cornerstone Restructuring. Upon the consummation of the CornerstoneAcquisition, the investment was eliminated as Cornerstone became a majority-owned subsidiary of Rafael and the difference between theinvestmentâ€™s carrying value and its fair value included in purchase consideration, which is based on the value of Cornerstoneâ€™sCommon Stock, resulted in a gain of $7.3 million that was recorded to the Companyâ€™s additional paid-in capital given the relatedparty nature of the transaction;Â (iv) Rafael converted theapproximately $2.1 million of the outstanding principal and accrued interest pursuant to the 2023 Promissory Note (as defined in Note4) into 2,116,932 shares of post-Reverse Stock Split Cornerstone Common Stock. Prior to the Cornerstone Restructuring, the Company recordedthe 2023 Promissory Note at its fair value as the security was classified as available-for-sale. The 2023 Promissory Note is includedin the consideration paid at its fair value (which was deemed to be the fair value of the Cornerstone Common Stock received) in the CornerstoneAcquisition in accordance with ASC 810-10-30-4. The Company recognized a gain of $0.6 million for the realization of previously unrealizedgains on the fair value of the 2023 Promissory Note in other comprehensive loss;Â 16 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â (v) Cornerstone and RP Financeamended the RPF Line of Credit (as defined in Note 5) to (i) extend the maturity date of the approximately $21.9 million in borrowingsthereunder to May 31, 2028, (ii) limit the number of shares to be issued thereunder in respect of anti-dilution protection provided fortherein in connection with the Cornerstone Restructuring and to provide RP Finance 3,658,368 shares of post-Reverse Stock Split CornerstoneCommon Stock so that following the Cornerstone Restructuring, RP Finance holds six percent (6%) of the outstanding Common Stock of Cornerstone(the â€œRPF 6% Top Up Sharesâ€), (iii) terminate any anti-dilution protection in respect of such ownership interest followingconsummation of the Cornerstone Restructuring, and (iv) terminate all future lending obligations of RP Finance under the RPF Line of Credit(as so amended, the â€œAmended RPF Line of Creditâ€);Â (vi) Rafael invested an additional$1.5 million in cash in exchange for 1,546,391 shares of post-Reverse Stock Split Cornerstone Common Stock;Â (vii) Cornerstone amendedand restated its certificate of incorporation, to, among other things, effect a reverse split of all of Cornerstoneâ€™s capital stockon a one-for-ten basis (the â€œReverse Stock Splitâ€), set the number of authorized shares of Cornerstone Common Stock to besufficient for issuance of the Common Stock in the Cornerstone Restructuring and eliminate the authorized preferred stock not requiredto be authorized as a result of the Mandatory

Common Conversion;Â (viii) Cornerstone amendedprior agreements in place giving certain parties rights to designate members of the Board and those rights have been eliminated. All directorsare elected by the Cornerstone stockholders and as the majority stockholder, Rafael can control that vote. The Company has entered intoa voting agreement (the â€œVoting Agreementâ€) whereby Rafael has agreed to maintain three directors of Cornerstone that areindependent of Rafael; andÂ (ix) Cornerstone increasedthe available reserve of Cornerstone Common Stock for grant to employees, consultants and other service providers to approximately 10%of Cornerstoneâ€™s fully diluted capital stock (the â€œReserve Increaseâ€).Â Acquisition of CornerstoneÂ As a result of the Cornerstone Restructuring,Rafael became a 67% owner of the issued and outstanding Common Stock of Cornerstone, which became a consolidated subsidiary of Rafael.The Cornerstone Acquisition is accounted for as an acquisition of a VIE that is not a business in accordance with U.S. GAAP. The Companywas determined to be the accounting acquirer for financial reporting purposes. The guidance requires an initial screen test to determineif substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If thatscreen test is met, the acquired entity is not a business for financial reporting purposes. Accordingly, the Cornerstone Acquisition wasaccounted for as an asset acquisition as substantially all of the fair value of Cornerstoneâ€™s gross assets is concentrated withinin-process research and development, an intangible asset.Â Under ASC 810, the initial consolidation of aVIE shall not result in goodwill being recognized, and the acquirer shall recognize a gain or loss for the difference of (a) the sum of(i) the fair value of any consideration paid, (ii) the fair value of any noncontrolling interests, and (iii) the reported amount of anypreviously held interests, and (b) the net amount of the VIEâ€™s identifiable assets and liabilities recognized and measured in accordancewith ASC 805, Business Combinations (â€œASC 805â€). In accordance with the calculation within ASC 810, no gain or losswas recognized on the Cornerstone Acquisition.Â The net amount of the VIEâ€™s identifiableassets and liabilities recognized with respect to the Cornerstone Acquisition is based upon managementâ€™s preliminary estimates ofand assumptions related to the fair values of assets acquired and liabilities assumed, using currently available information. For thispurpose, fair value shall be determined in accordance with the fair value concepts defined in ASC 820, Fair Value Measurements andDisclosures.Â 17 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The following table presents, in accordance withASC 810, the sum of (i) the fair value of consideration paid, (ii) the fair value of noncontrolling interests, and (iii) the reportedamount of previously held interests (amounts in thousands):Â Fair value of consideration paidÂ Â Â Fair value of RFL Line of CreditÂ $37,845Â Fair value of 2023 Promissory NoteÂ Â 2,663Â Cash considerationÂ Â 1,500Â (i) Total fair value of consideration paidÂ Â 42,008Â (ii) Fair value of noncontrolling interestsÂ Â 27,501Â (iii) Reported value of previously held interests(1)Â Â â€”Â Sum of (i), (ii), and (iii)Â $69,509Â Â (1)Rafaelâ€™s interest in the Series D Preferred Stock of Cornerstone,that was converted into Cornerstone Common Stock in the Cornerstone Restructuring, represents a previously held interest in Cornerstonethat is included at its reported amount, or $0.Â The following table presents, in accordance withASC 810, the net preliminary amount of the VIEâ€™s identifiable assets and liabilities recognized and measured in accordance withASC 805 (amounts in thousands):Â Assets acquired and liabilities assumedÂ Â Â Cash and cash equivalentsÂ $2,756Â Prepaid expenses and other current assetsÂ Â 121Â Property and equipmentÂ Â 19Â Other assetsÂ Â 48Â Acquired IPR&DÂ Â 89,861Â Accounts payableÂ Â (2,006) Accrued expensesÂ Â (1,188) Series C Convertible Notes, short-term portionÂ Â (614) Due to related partiesÂ Â (1,289) Other current liabilitiesÂ Â (28) Series C Convertible Notes, long-term portionÂ Â (70) Creditor payable, noncurrentÂ Â (2,745) Amended RPF Line of CreditÂ Â (15,336) Other liabilitiesÂ Â (20) TotalÂ $69,509Â Â In accordance with the calculation within ASC810, no gain or loss was recognized on the initial consolidation of Cornerstone. The Company incurred transaction costs of $716 thousandduring the year ended July 31, 2024 for consulting, legal, accounting, and other professional fees that have been expensed as generaland administrative expenses as part of the Cornerstone Restructuring, Cornerstone Acquisition, and RP Finance Consolidation.Â The Company recognized a gain in the amount of$720 thousand during the quarter ended April 30, 2024 on the reversal of a reserve on a receivable due from Cornerstone, which was fullyreserved for by the Company due to the Data Events. This receivable balance is then eliminated in consolidation against the correspondingpayable balance acquired from Cornerstone recorded in Cornerstone's Due to related parties balance in the assets acquired and liabilitiesassumed in the Cornerstone Acquisition.Â 18 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â To value the IPR&D, the Company utilized theMulti-Period Excess Earnings Method (â€œMPEEMâ€), under the Income Approach. The method reflects the present value of the projectedoperating cash flows generated by Cornerstoneâ€™s assets after taking into account the cost to realize the revenue, and an appropriatediscount rate to reflect the time value and risk associated with the invested capital. IPR&D acquired represents Cornerstoneâ€™sresearch and development activities related to oncology-focused pharmaceuticals which seeks to exploit the metabolic differences betweennormal cells and cancer cells.Â IPR&D represents the R&D asset of Cornerstonewhich is in-process, but not yet completed, and which has no alternative use. As the Cornerstone Acquisition has been accounted for asan acquisition of a VIE that is not a business, it was determined that the fair value of the IPR&D asset acquired with no alternativefuture use should be charged to IPR&D expense at the acquisition date.Â The Company assumed Cornerstone's liability toRP Finance under the Amended RPF Line of Credit at its fair value in the Cornerstone Acquisition and acquired RP Finance's receivablefrom Cornerstone under the Amended RPF Line of Credit at its fair value in the RP Finance Consolidation. These intercompany amounts areeliminated in consolidation. The Company will accrete the fair value of Cornerstone's liability and RP Finance's receivable under theAmended RPF Line of Credit to the amount due on May 31, 2028 as interest expense and interest income, respectively, in the consolidatedstatements of operations and comprehensive loss over the estimated term of the Amended RPF Line of Credit.Â The creditors of Cornerstone do not have legalrecourse to the Company's general credit.Â Consolidation of RP FinanceÂ RP Finance, an entity in which the Company ownsa 37.5% equity interest (previously accounted for as an equity method investment of Rafael), and in which an entity associated with membersof the family of Howard Jonas holds an additional 37.5% equity interest, holds debt and equity investments in Cornerstone (which is includedin the Companyâ€™s 67% equity ownership interest in Cornerstone). In conjunction with the Cornerstone Acquisition, the Company reassessedits relationship with RP Finance and, as a result of the Cornerstone Restructuring and resulting Cornerstone Acquisition, determined thatRP Finance is still a VIE and that the Company is now considered the primary beneficiary of RP Finance as the Company now holds the abilityto control repayment of the RPF Line of Credit, which directly impacts RP Financeâ€™s economic performance. Therefore, the Companyhas consolidated RP Finance as a result of the Cornerstone Acquisition (the â€œRP Finance Consolidationâ€). The RP Finance Consolidationis accounted for as an acquisition of a VIE that is not a business in accordance with U.S. GAAP as RP Finance does not meet the definitionof a business under U.S. GAAP.Â Under ASC 810, the initial consolidation of aVIE shall not result in goodwill being recognized, and the acquirer shall recognize a gain or loss for the difference of (a) the sum of(i) the fair value of any consideration paid, (ii) the fair value of any noncontrolling interests, and (iii) the reported amount of anypreviously held interests, and (b) the net amount of the VIEâ€™s identifiable assets and liabilities recognized and measured in accordancewith ASC 805.Â The following table presents, in accordance withASC 810, the sum of (i) the fair value of consideration paid, (ii) the fair value of noncontrolling interests, and (iii) the reportedamount of previously held interests (amounts in thousands):Â (i) Fair value of consideration paidÂ $â€"Â (ii) Fair value of noncontrolling interestsÂ Â 12,667Â (iii) Reported value of previously held interests(1)Â Â â€"Â Sum of (i), (ii), and (iii)Â $12,667Â Â (1)Rafael ownership of 37.5% of the equity interests in RP Finance,accounted for as an equity method investment prior to the RP Finance Consolidation, represents a previously held interest in Cornerstonethat is included at its reported amount, or $0.Â 19 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The following table presents, in accordance withASC 810, the net amount of the VIEâ€™s identifiable assets and liabilities recognized and measured in accordance with ASC 805 (amountsin thousands):Â Assets acquired and liabilities assumedÂ Â Â Investments - Cornerstone common stockÂ $4,931Â Due from Cornerstone - Amended RPF Line of CreditÂ Â 15,336Â TotalÂ $20,267Â Â In accordance with the calculation within ASC810, a gain of $7.6 million was recognized as an adjustment to Rafaelâ€™s additional paid-in capital, due to the related parties involved,upon the RP Finance Consolidation. The acquired RP Finance investment in Cornerstone of $4.9 million, consisting of the fair value ofRP Finance's 3,919,598 shares of post-Reverse Stock Split Cornerstone Common Stock, is eliminated in consolidation, as Cornerstone isa consolidated subsidiary of Rafael with a corresponding decrease of $1.8 million to Rafael's additional paid-in capital and correspondingdecrease of $3.1 million to noncontrolling interests, equivalent to their respective proportionate ownership interest in RP Finance'sshares of Cornerstone Common Stock.Â The Company assumed Cornerstone's liability toRP Finance under the Amended RPF Line of Credit at its fair value in the Cornerstone Acquisition and acquired RP Finance's receivablefrom Cornerstone under the Amended RPF Line of Credit at its fair value in the RP Finance Consolidation. These intercompany amounts areeliminated in consolidation.Â Pro Forma Financial Information Â The following table sets forth the pro forma consolidatedresults of operations of Rafael, Cornerstone, and RP Finance after giving effect to the Cornerstone Restructuring, the Cornerstone Acquisition,and the RP Finance Consolidation for the three months ended October 31, 2023, as if the Cornerstone Restructuring, the Cornerstone Acquisition,and the RP Finance Consolidation had collectively occurred on August 1, 2023. The pro forma results of operations are presented for informationalpurposes only and are not indicative of the results of operations that would have been achieved if the Cornerstone Restructuring, theCornerstone Acquisition, and RP Finance Consolidation had taken place on the date noted above, or of results that may occur in the future.Â Â Â Three months endedÂ (unaudited, in thousands, except for share and per share amounts)Â October 31, 2023Â RevenueÂ $68Â Loss from operationsÂ Â (95,244) Net loss from continuing operations attributable to common stockholdersÂ Â (33,599) Net loss from continuing operations attributable to common stockholders per shareÂ $(1.42) Weighted Average common shares outstandingÂ Â 23,644,647Â Â The pro forma loss from operations for the threemonths ended October 31, 2023 includes the IPR&D expense of $89.9 million, related to the IPR&D asset acquired in the CornerstoneAcquisition with no alternative future use, which is reported in Rafael's historical financial statements for the quarter ended April30, 2024 and the year ended July 31, 2024.Â The pro forma net loss from operations attributableto common stockholders for the three months ended October 31, 2023 includes a gain of $31.3 million on the recovery of receivables fromCornerstone and the recognition of a net loss attributable to noncontrolling interests of Cornerstone of $31.5 million, which are reportedin Rafael's historical financial statements for the quarter ended April 30, 2024 and the year ended July 31, 2024.Â 20 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â NOTE 4 â€" INVESTMENT IN CORNERSTONEÂ Cornerstone is a clinical stage, cancer metabolism-basedtherapeutics company focused on the development and commercialization of therapies that seeks to exploit the metabolic differences betweennormal cells and cancer cells.Â Prior to the Cornerstone Restructuring describedin Note 3, Rafael (directly via certain of its subsidiaries, and through an equity method investment in RP Finance) held certain debtand equity investments in Cornerstone which included:Â (a) 44.0 million shares ofSeries D Preferred Stock of Cornerstone held by Pharma Holdings LLC (â€œPharma Holdingsâ€), a 90% owned non-operating subsidiaryof the Company, and 16.7 million shares of Series D Preferred Stock of Cornerstone held by CS Pharma Holdings LLC (â€œCS Pharmaâ€),a non-operating subsidiary of the Company (the â€œSeries D Preferred Stockâ€). Pharma Holdings owns 50% of CS Pharma. Accordingly,the Company holds an effective 45% indirect interest in the assets held by CS Pharma. The Company serves as the managing member of PharmaHoldings, and Pharma Holdings serves as the managing member of CS Pharma, with broad authority to make all key decisions regarding theirrespective holdings. Any distributions that are made to CS Pharma from Cornerstone that are in turn distributed by CS Pharma will needto be made pro rata to all members, which would entitle Pharma Holdings to 50% (based on current ownership) of such distributions. Similarly,if Pharma Holdings were to distribute proceeds it receives from CS Pharma, it would do so on a pro rata basis, entitling the Company to90% (based on current ownership) of such distributions. Due to the Data Events, the Company previously recorded a full impairment of thevalue of the Series D Preferred Stock included in the Companyâ€™s cost method investment in Cornerstone;Â (b) a loan of $25 millionby the Company to Cornerstone under a Line of Credit Agreement (the â€œRFL Line of Creditâ€). Due to the Data Events, the Companypreviously recorded a full reserve on the $25 million in principal due to the Company, and on the accrued interest, from Cornerstone;Â (c) a $2 million promissorynote (the â€œ2023 Promissory Noteâ€) from Cornerstone, bearing interest at a rate of seven and one-half percent (7.5%) per annum,held by the Company. The 2023 Promissory Note was secured by a first priority security interest in all of Cornerstoneâ€™s right, titleand interest in and to all of the tangible and intangible assets purchased by Cornerstone pursuant to the purchase agreement between Cornerstoneand Calithera Biosciences, Inc. (â€œCalitheraâ€), which was a clinical-stage, precision oncology biopharmaceutical company thatwas developing targeted therapies to redefine treatment for biomarker-specific patient populations, and all proceeds therefrom and allrights to the data related to CB-839 (the â€œCollateralâ€). The Company recorded the 2023 Promissory Note at fair value and thesecurity was classified as available-for-sale prior to the Cornerstone Restructuring;Â (d) a $720 thousand receivablebalance due from Cornerstone, which was fully reserved for by the Company due to the Data Events; andÂ (e) loans in the aggregateamount of $21.9 million by RP Finance to Cornerstone under a Line of Credit Agreement which provided for a revolving commitment of upto $50 million to fund clinical trials and other capital needs (the â€œRPF Line of Creditâ€, see Note 5). The Company owns 37.5%of the equity interests in RP Finance and was required to fund 37.5% of funding requests from Cornerstone under the RPF Line of Credit.RP Finance also holds 261,230 post-Reverse Stock Split shares of Cornerstone Common Stock (â€œRPF Historical Cornerstone Sharesâ€),issued to RP Finance in connection with entering into the RPF Line of Credit representing 12% of the issued and outstanding shares ofCornerstone Common Stock prior to the Cornerstone Restructuring, with such ownership interest subject to anti-dilution protection as setforth in the RPF Line of Credit agreement. The Company accounted for its investment in RP Finance under the equity method.Â Due to the Data Events on October 28, 2021, theCompany recorded a full impairment for the assets recorded related to Rafaelâ€™s cost method investment in Cornerstone, the amountsdue to Rafael under the RFL Line of Credit, and its investment in RP Finance.Â A trust for the benefit of the children of HowardJonas (Chairman of the Board and Executive Chairman and former Chief Executive Officer of the Company and Member of the Board of Cornerstone)holds a financial instrument (the â€œInstrumentâ€) that owns 10% of Pharma Holdings. The Instrument holds a contractual rightto receive additional shares of Cornerstone capital stock equal to 10% of the fully diluted capital stock of Cornerstone (the â€œBonusSharesâ€) upon the achievement of certain milestones, each of which the Company has determined not to be probable. The additional10% is based on the fully diluted capital stock of Cornerstone, at the time of issuance. If any of the milestones are met, the Bonus Sharesare to be issued without any additional payment.Â 21 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Prior to the Cornerstone Restructuring describedin Note 3, the Company indirectly owned 51% of the issued and outstanding equity in Cornerstone and had certain governance rights, withapproximately 8% of the issued and outstanding equity owned by the Companyâ€™s subsidiary CS Pharma and 43% owned by the Companyâ€™ssubsidiary Pharma Holdings.Â Prior to the Cornerstone Restructuring, the Companyhad determined that Cornerstone was a VIE; however, the Company had determined that it was not the primary beneficiary as it did not havethe power to direct the activities of Cornerstone that most significantly impact Cornerstoneâ€™s economic performance. In addition,the interests held in Cornerstone were Series D Convertible Preferred Stock and did not represent in-substance common stock.Â On March 13, 2024, Cornerstone consummated a restructuringof its outstanding debt and equity interests. See Note 3 for additional information regarding the Cornerstone Restructuring transaction.Â NOTE 5 â€“ INVESTMENT IN RP FINANCE, LLCÂ On February 3, 2020, Cornerstone entered intoa Line of Credit with RP Finance (â€œRPF Line of Creditâ€) which provided a revolving commitment of up to $50,000,000 to fundclinical trials and other capital needs. In connection with entering into the RPF Line of Credit, Cornerstone issued to RP Finance 261,230shares (post-Reverse Stock Split) of Cornerstone Common Stock representing 12% of the issued and outstanding shares of Cornerstone CommonStock, with such interest subject to anti-dilution protection as set forth in the RPF Line of Credit.Â The Company owns 37.5% of the equity interestsin RP Finance, an entity associated with members of the family of Howard Jonas owns 37.5% of the equity interests in RP Finance, and theremaining 25% equity interests in RP Finance are owned by other stockholders of Cornerstone.Â RP Finance had funded a cumulative total of $21.9million to Cornerstone under the RPF Line of Credit, of which the Company had funded a cumulative total of $9.375 million in accordancewith its 37.5% ownership interests in RP Finance. Due to the Data Events, the amounts funded had been fully reserved.Â Prior to the Cornerstone Restructuring and resultingRP Finance Consolidation described in Note 3, the Company had determined that RP Finance was a VIE; however, the Company had determinedthat it was not the primary beneficiary as the Company did not have the power to direct the activities of RP Finance that most significantlyimpacted RP Financeâ€™s economic performance and, therefore, was not required to consolidate RP Finance. Therefore, the Company usedthe equity method of accounting to record its investment in RP Finance.Â On March 13, 2024, Cornerstone consummated theCornerstone Restructuring of its outstanding debt and equity interests. As part of the Cornerstone Restructuring, Cornerstone and RP Financeamended the RPF Line of Credit agreement. See Note 3 for additional information regarding the Cornerstone Restructuring transaction.Â NOTE 6 - CONVERTIBLE NOTES PAYABLEÂ As of OctoberÂ 31, 2024, Cornerstone has $686thousand in principal, and $242 thousand of accrued interest thereon, of Series C Convertible Notes outstanding (the â€œSeries C ConvertibleNotesâ€). The Series C Convertible Notes accrue interest at a rate of 3.5% per annum and are due, together with accrued interest,one year (unless amended) from date of issuance and automatically accelerate upon the sale of Cornerstone in its entirety or the saleor license of substantially all of Cornerstoneâ€™s assets or intellectual property. The Series C Convertible Notes (including allaccrued and unpaid interest thereon) automatically convert into the same class of securities (including stock warrants) sold in Cornerstone'snext equity financing (i) where Cornerstone receives gross proceeds of at least $10,000,000 from Institutional Investors (a â€œQualifiedFinancingâ€), or (ii) from an underwritten initial public offering (â€œIPOâ€). The conversion price of the Series C ConvertibleNotes upon a Qualified Financing shall be the lesser of (i) 90% of the price per share (or unit) at which the securities in the QualifiedFinancing are sold, or (ii) $1.25 price per share (or unit) (whichever is less) at the holderâ€™s selection of (i) or (ii), and 90%of the share price per share (or unit) at which securities in an IPO are first sold.Â 22 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The outstanding Series C Convertible Notes areconvertible, at the option of the holders, in certain equity financings consummated by Cornerstone or into equity securities and warrantsto purchase equity securities of Cornerstone.Â In the event of a liquidation event of Cornerstoneprior to the repayment or conversion of the Series C Convertible Notes, the holders are entitled to receive either (a) an amount equalto the outstanding principal and interest due, or (b) the pro rata per share amount of the proceeds of such liquidation the holders wouldbe entitled to had they exercised their conversion right.Â Of the Series C Convertible Notes outstandingas of OctoberÂ 31, 2024:Â (a) Series C Convertible Noteswith an aggregate principal amount of $614 thousand remain outstanding and were not amended in connection with the Cornerstone Restructuring.The interest accrued on these Series C Convertible Notes is $219 thousand and is recorded in accrued expenses on the consolidated balancesheet as of OctoberÂ 31, 2024. In the Cornerstone Acquisition, Rafael recorded these Series C Convertible Notes as current liabilitiesat the value of their aggregate principal amount of $614 thousand, and $205 thousand of accrued interest thereon recorded in accrued expenseson the consolidated balance sheet as of the date of the Cornerstone Acquisition, as these values approximate their fair values. As ofOctoberÂ 31, 2024, these Series C Convertible Notes are currently in default as they are beyond the maturity date; andÂ (b) Series C Convertible Noteswith an aggregate principal amount of $72 thousand were amended in the Cornerstone Restructuring to (i) extend the maturity date thereofto May 31, 2028 and (ii) provide that, on conversion thereof, the converting holder will receive shares of Cornerstone Common Stock. Theholders of these amended Series C Convertible Notes that remain outstanding waived such holdersâ€™ rights in connection with the CornerstoneRestructuring. The interest accrued on these Series C Convertible Notes is $23 thousand as of OctoberÂ 31, 2024. In the CornerstoneAcquisition, Rafael recorded these Series C Convertible Notes as noncurrent liabilities at their fair value of $70 thousand, which considersthe aggregate principal plus accrued interest. The Company will accrete the fair value of these Series C Convertible Notes to the valueof the principal plus accrued interest thereon as of the date of the Cornerstone Acquisition as interest expense in the consolidated statementsof operations and comprehensive loss over the estimated term of these amended Series C Convertible Notes.Â During the three months ended OctoberÂ 31,2024, the Company recorded $6 thousand of interest expense in relation to the Cornerstone Series C Convertible Notes to interest expenseon the consolidated statements of operations and comprehensive loss.Â NOTE 7 - ACCRUED EXPENSESÂ Accrued expenses consist of the following:Â Â Â October 31, 2024Â Â July 31, 2024Â Â Â (in thousands)Â Accrued expenses, currentÂ Â Â Â Â Â Accrued bonusesÂ $177Â Â $654Â Accrued professional feesÂ Â 319Â Â Â 437Â Accrued payroll expensesÂ Â 361Â Â Â 441Â Accrued interestÂ Â 219Â Â Â 213Â Other accrued expensesÂ Â 303Â Â Â 53Â Total accrued expenses, currentÂ Â 1,379Â Â Â 1,798Â Â Â Â Â Â Â Â Â Â Creditor payable, noncurrentÂ Â 3,138Â Â Â 2,982Â Total accrued expensesÂ $4,517Â Â $4,780Â Â Â In the Cornerstone Acquisition, Rafael assumeda forbearance agreement, signed by Cornerstone on June 2, 2023, with a major creditor (the â€œCreditorâ€) of Cornerstone to whichCornerstone owed approximately $10.5 million arising from unpaid amounts in connection with work performed and costs incurred by the Creditorunder previous work orders. The outstanding balance does not bear interest. As part of Cornerstoneâ€™s plan to seek new capitalization,it paid $2.0 million following the execution of a change order on July 21, 2023. Cornerstone also agreed to an additional payment of $2,000,000upon the issuance of a FDA authorization to market any product of Cornerstone (the â€œFDA Approval Paymentâ€). In the event Cornerstonecompletes a capital transaction which results in an aggregate of $100 million in additional capital received after January 1, 2023, Cornerstoneagrees to pay an additional $4.0 million to the Creditor within 15 days of such capital transaction (the â€œCapital Raise Paymentâ€).In exchange for Cornerstoneâ€™s agreement to make timely payments of the above-mentioned sums due in the Agreement, and after thepayment of the FDA Approval Payment and the Capital Raise Payment, the Creditor will waive approximately $2.5 million of outstanding debtrepresenting all remaining amounts due to the Creditor.Â 23 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Following the payment of the initial $2.0 million,and pursuant to the terms of the agreement, the Creditor agreed to forbear from exercising any of its rights, remedies or claims in respectto the outstanding balance. The forbearance shall not be deemed to have otherwise waived, released, or adversely affected any of the Creditorâ€™srights, remedies or claims in respect to the outstanding balance.Â As part of the Cornerstone Acquisition, the creditorpayable was recognized by the Company as an assumed liability and measured at its fair value of $2.7 million as of the date of the CornerstoneAcquisition. The Company will accrete the fair value of the creditor payable to the amount payable of $8.5 million owed to the Creditoras interest expense in the consolidated statements of operations and comprehensive loss over the estimated term of the forbearance agreement.The Company recorded $156 thousand of accretion in relation to the creditor payable recorded to interest expense in the consolidated statementsof operations and comprehensive loss for the three months ended October 31, 2024.Â The carrying value of the creditor payable was$3.1 million and $3.0 million as of OctoberÂ 31, 2024 and JulyÂ 31, 2024, respectively, and is included in accrued expenses, noncurrenton the consolidated balance sheets.Â NOTE 8 - CONVERTIBLE NOTE RECEIVABLEÂ On March 8, 2024, Day Three entered into a convertiblenote subscription agreement with a third-party company, Steady State LLC. Steady State LLC promises to pay Day Three $1,000,000, togetherwith interest, on October 16, 2026. The convertible note will accumulate simple interest at the annual rate being the lesser of: (i) theBank of England base rate (updated on the first business day of each quarter) plus eight (8) percentage points, or (ii) 15% (computedon the basis of 365 days per year). Upon the closing and funding of a bona fide offering of equity securities by Steady State, LLC inan aggregate amount of at least $5,000,000, the convertible note will automatically convert into the number of membership interests equalto the outstanding principal plus accrued and unpaid interest divided by eighty percent (80%) of the price per membership unit in theoffering. If a qualifying bona fide offering has not occurred on or before the maturity date, the principal and unpaid accrued interestof the convertible note may be converted, at the option of Day Three, into membership units. The convertible note receivable is classifiedas available-for-sale and recorded at fair value - see Note 15.Â NOTE 9 â€“ INVESTMENT IN LIPOMEDIX PHARMACEUTICALS LTD.Â LipoMedix is a development-stage, privately heldIsraeli company focused on the development of an innovative, safe and effective cancer therapy based on liposome delivery.Â In March 2021, the Company provided bridge financingin the principal amount of up to $400,000 to LipoMedix with a maturity date of September 1, 2021, and an interest rate of 8% per annum.As of September 1, 2021, LipoMedix was in default on the terms of the loan and as such, the interest rate has increased to 15% per annum.Â On November 15, 2021, the Company entered intoa share purchase agreement with LipoMedix to purchase up to 15,975,000 ordinary shares at $0.1878 per share for an aggregate purchaseprice of $3.0 million (the â€œLipoMedix SPAâ€). Additionally, LipoMedix issued the Company a warrant to purchase up to 15,975,000ordinary shares at an exercise price of $0.1878 per share which expired on November 11, 2022.Â As of the date of the LipoMedix SPA, there wasan outstanding loan balance including principal of $400 thousand and accrued interest of $21.8 thousand owed by LipoMedix to the Companyon a note made by LipoMedix in favor of the Company issued in March 2021. The amount due on the loan was netted against the approximately$3.0 million aggregate purchase price due to LipoMedix, resulting in a cash payment by the Company of approximately $2.6 million in exchangefor the 15,975,000 shares purchased. As a result of the share purchase, the Companyâ€™s ownership of LipoMedix increased to approximately84% with a noncontrolling interest of approximately 16%. The Company recorded approximately $8 thousand to adjust the carrying amountof the noncontrolling interest to reflect the Companyâ€™s increased ownership interest in LipoMedixâ€™s net assets.Â Â On February 9, 2023, the Company entered intoa Share Purchase Agreement with LipoMedix to purchase 70,000,000 ordinary shares at $0.03 per share for an aggregate purchase price of$2.1 million (the â€œ2023 LipoMedix SPAâ€). As a result of the share purchase, the Companyâ€™s ownership of LipoMedix increasedto approximately 95% with a noncontrolling interest of approximately 5%. The Company recorded approximately $16 thousand to adjust thecarrying amount of the noncontrolling interest to reflect the Companyâ€™s increased ownership interest in LipoMedixâ€™s net assets.Â As of OctoberÂ 31, 2024, the Company held95% of the issued and outstanding ordinary shares of LipoMedix and has consolidated LipoMedix from the second quarter of fiscal 2018.Â 24 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â NOTE 10 â€“ INVESTMENT IN DAY THREE LABS INC.Â Initial investment in Day ThreeÂ On April 7, 2023, the Company entered into a CommonStock Purchase Agreement (the â€œDay Three Purchase Agreementâ€) with Day Three. Day Three is a company which reimagines existingcannabis offerings with pharmaceutical-grade technology and innovation like Unloktâ„¢ to bring to market better, cleaner, more preciseand predictable products. Pursuant to the Day Three Purchase Agreement, the Company purchased 4,302 shares of common stock, post DTL ReverseStock Split (as defined below), representing 38% of the outstanding shares of common stock of Day Three (33% on a fully diluted basis),for a purchase price of $3.0 million. The Company also received a warrant exercisable for 7,529 shares of common stock, post DTL ReverseStock Split, which expires five years from the date of issuance or earlier based on the occurrence of certain events as defined in theDay Three Purchase Agreement (the â€œDay Three Warrantâ€).Â Prior to January 2024, the Company accounted forthis investment as an equity method investment in accordance with the guidance in ASC 323, Investments â€“ Equity Method and JointVentures. The Company determined that a 38% ownership interest in Day Three and its right to designate two members of the Board ofDirectors of Day Three (out of a current total of seven members) indicates that the Company is able to exercise significant influence.Â The Company determined that Day Three is a VIE;however, the Company determined that, prior to January 2024, it was not the primary beneficiary as it did not have the power to directthe activities that most significantly impacted Day Threeâ€™s economic performance. The Company has therefore concluded it was notrequired to consolidate Day Three. The Company used the equity method of accounting to record its investment in Day Three.Â Day Threeâ€™s fiscal year ends on December31 and, as a result, the Company recognizes its share of Day Threeâ€™s earnings/loss on a one-month lag. For the three months endedOctober 31, 2024 and 2023, the Company recognized approximately $0 thousand and $216 thousand of equity in loss of Day Three, based onits proportionate share of Day Threeâ€™s results through January 2, 2024, the effective date of the Day Three Acquisition, as discussedbelow. The assets and operations of Day Three are not significant to the Company's assets or operations.Â Acquisition of Day ThreeÂ In January 2024, the Company entered into a seriesof transactions with Day Three and certain shareholders to purchase an aggregate of 13,771 shares of common stock, post DTL Reverse StockSplit, of Day Three, acquiring a controlling interest of Day Three (the â€œDay Three Acquisitionâ€). As a result of the Day ThreeAcquisition, the Company holds an aggregate 79% of the issued and outstanding shares of common stock of Day Three. Day Three has optionsand warrants outstanding that, if and when exercised, could dilute the Company's ownership interest in Day Three. In connection with theDay Three Acquisition, the Day Three Warrant was terminated. The acquisition date was determined to be January 2, 2024, which is the datethat Rafael obtained a controlling interest of the common stock of Day Three. The Day Three Acquisition is being accounted for as a businesscombination in accordance with ASC 805.Â During the period of October 2023 through January2024, the Company advanced $250,000 to Day Three pursuant to a promissory note (the â€œDay Three Note Iâ€), $150,000 to Day Threepursuant to a promissory note (the â€œDay Three Note IIâ€), $1,000,000 to Day Three pursuant to a third promissory note (theâ€œDay Three Note IIIâ€), and $589,024 to Day Three pursuant to a fourth promissory note (the â€œDay Three Note IVâ€)(collectively, the â€œDay Three Promissory Notesâ€). The Day Three Promissory Notes accrue interest at rates of between 5.01%and 5.19% per annum.Â The aggregate consideration of the Day Three Acquisitionwas $3.1 million, which consisted of 1) cash consideration of $0.2 million, 2) accrued consideration of $0.2 million, 3) the exchangeof principal and accrued interest amounts totaling to $2.0 million owed by Day Three to the Company pursuant to the Day Three PromissoryNotes for common stock, and 4) the fair value of previously held interests in Day Three of $0.7 million.Â 25 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The following table summarizes the purchase considerationtransferred in the Day Three Acquisition as defined in ASC 805:Â (in thousands)Â Purchase ConsiderationÂ Cash considerationÂ $200Â Accrued considerationÂ Â 200Â Exchange of Day Three Promissory Notes for Common StockÂ Â 2,000Â Fair value of previously held interests(1)Â Â 742Â Total purchase considerationÂ $3,142Â Â (1)The Company remeasured its previouslyheld equity interest in Day Three immediately before the Day Three Acquisition, previously accounted for under the equity method of accounting,to its fair value (determined using the implied enterprise value based on the purchase price multiplied by the ratio of the number ofshares previously held to total shares, as of the acquisition date) and recognized a loss of $1.6 million recorded on the statementsof operations and comprehensive loss as a Loss on initial investment in Day Three upon acquisition during the quarter ended January 31,2024.Â The following table summarizes the preliminaryfair values of the assets acquired and liabilities assumed in the Day Three Acquisition as of the acquisition date:Â (in thousands)Â January 2, 2024Â Cash and cash equivalentsÂ $1,499Â Accounts receivableÂ Â 63Â Prepaid expenses and other current assetsÂ Â 77Â Property and equipmentÂ Â 408Â GoodwillÂ Â 3,050Â Identifiable intangible assetsÂ Â 2,180Â Accounts payableÂ Â (386) Accrued expensesÂ Â (98) Installment note payableÂ Â (2,500) Total fair value of net assets acquiredÂ Â 4,293Â Less: noncontrolling interestÂ Â (1,151) Net assets acquired attributable to RafaelÂ $3,142Â Â The preliminary fair values of the assets acquiredand liabilities assumed in the Day Three Acquisition are subject to change as we perform additional reviews of our assumptions utilized.During the year ended July 31, 2024, the Company recognized an adjustment which changed the fair value of certain acquired liabilitiesand goodwill as a result of obtaining additional information about the estimated liabilities. Further adjustments may be necessary asadditional information related to the fair values of assets acquired, liabilities assumed, and tax implications thereon is assessed duringthe measurement period (up to one year from the acquisition date).Â The noncontrolling interest was recognized atfair value, which was determined using the implied enterprise value based on the purchase price multiplied by the ratio of the numberof shares owned by minority holders to total shares, as of the acquisition date.Â Included in the acquired liabilities assumed inthe Day Three Acquisition is a non-interest bearing installment note payable of $2.5 million. The installment note was recognized by DayThree in relation to a 2021 asset purchase agreement for certain patents. The assumed installment note payable had a balance of $800 thousanddue January 2024 (which was paid in January 2024) and the remaining $1.7 million due in November 2024. At OctoberÂ 31, 2024 and JulyÂ 31,2024, the installment note payable has a remaining balance due of $1.7 million which is included in Installment note payable on the consolidatedbalance sheets.Â 26 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Intangible assets acquired primarily include patents,technology licenses and non-compete agreements. The weighted average amortization period for the acquired intangible assets is approximately14.7 years.Â The consolidated financial statements includethe results of the Day Three Acquisition subsequent to the closing date. Pro forma information is not presented as the acquisition wasnot considered significant.Â On January 23, 2024, Day Three entered into anasset purchase agreement for the sale of certain patents for $280 thousand.Â On March 20, 2024, Day Three amended and restatedits certificate of incorporation to, among other things, effect a reverse split of all of Day Threeâ€™s common stock on a one-for-one-thousandbasis (the â€œDTL Reverse Stock Splitâ€).Â On May 1, 2024, Rafael entered into a stock purchaseagreement with Day Three to purchase 7,194 shares of common stock at a purchase price of $173.75 per share for an aggregate purchase priceof $1.25 million, $1 million of which was funded through the relief of an existing intercompany receivable. As a result of the transaction,Rafael has an 84% ownership interest in Day Three.Â NOTE 11 â€“ INVESTMENT IN CYCLO THERAPEUTICS, INC.Â On May 2, 2023,the Company entered into a Securities Purchase Agreement (the â€œCyclo SPAâ€) with Cyclo. Cyclo is a clinical-stage biotechnologycompany dedicated to developing life-changing medicines for patients and families living with challenging diseases through its lead therapeuticasset, TrappsolÂ®. The Company purchasedfrom Cyclo (i) 2,514,970 common shares (the â€œPurchased Sharesâ€) and (ii) a warrant to purchase 2,514,970 common shares withan exercise price of $0.71 per share (the â€œMay Warrantâ€), at a combined purchase price equal to $0.835 per Purchased Shareand May Warrant to purchase one share, for an aggregate purchase price of $2.1 million. The May Warrant is exercisable until August 1,2030. Â Cyclo and the Company are party to a RegistrationRights Agreement requiring Cyclo to file a registration statement with the Securities and Exchange Commission to register the resale ofthe shares and shares of common stock underlying the May Warrant, upon the request of Rafael.Â On August 1, 2023, pursuant to a Securities PurchaseAgreement (the â€œCyclo II SPAâ€) dated June 1, 2023, the Company purchased an additional 4,000,000 shares of common stock (theâ€œCyclo II Sharesâ€), and received a warrant to purchase an additional 4,000,000 Shares (the â€œCyclo II Warrantâ€),for an aggregate purchase price of $5,000,000. The Cyclo II Warrant has an exercise price of $1.25 per share and is exercisable untilAugust 1, 2030. The August 1, 2023 investment increased the Company's percentage ownership of Cyclo common stock to approximately 34%at the time of investment. As of the date of this filing, the Company has not exercised the Cyclo II Warrant.Â On October 20, 2023, the Company exercised theMay Warrant to purchase 2,514,970 common shares at an exercise price of $0.71 per share, pursuant to a Securities Purchase Agreement datedOctober 20, 2023, and received a new warrant (the â€œCyclo III Warrantâ€) to purchase 2,766,467 common shares at an exerciseprice of $0.95 per share. The Cyclo III Warrant is exercisable until October 20, 2027. As of the date of this report, the Company hadnot exercised the Cyclo III Warrant. Both the Cyclo II Warrant and Cyclo III Warrant (collectively, the â€œCyclo Warrantsâ€)are subject to the restriction that exercise(s) do not convey more than 49% ownership to the Company (the "Cyclo Blocker").Upon exercise of the May Warrant, the Company recognized a realized gain of $424 thousand. The October 20, 2023 investment increased theCompany's percentage ownership of Cyclo common stock to approximately 40% at the time of investment.Â WilliamConkling, Rafael's CEO, serves on Cycloâ€™s Board of Directors.Â The Company has determined that Cyclo is a VIE;however, the Company has determined that it is not the primary beneficiary as the Company does not have the power to direct the activitiesof Cyclo that most significantly impact Cycloâ€™s economic performance and, therefore, is not required to consolidate Cyclo. The Companyhas elected to account for its investment in Cyclo under the fair value option, with subsequent changes in fair value recognized as unrealized(gain) loss on investment - Cyclo in the consolidated statements of operations and comprehensive loss. During the three months ended October31, 2024 and 2023, the Company recognized an unrealized loss of $4.4 million and $2.1 million related to its investment in Cyclo commonstock and warrants, respectively, attributed primarily to the decrease in the market price of Cyclo's common stock.Â 27 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Summarized Fair Value Method Investment DetailsÂ The 31.4% ownership percentage as of OctoberÂ 31,2024 is comprised of the shares of common stock owned by the Company and does not include the Cyclo Warrants. The total aggregate fairvalue of the Cyclo investment of $7.6 million as of OctoberÂ 31, 2024 is comprised of common shares with an aggregate fair value of$6.7 million and Cyclo Warrants with an aggregate fair value of $0.9 million. The total aggregate fair value of the Cyclo investment of$12.0 million as of JulyÂ 31, 2024 is comprised of common shares with an aggregate fair value of $10.7 million and the Cyclo Warrantswith an aggregate fair value of $1.3 million, see Note 15.Â Agreement and Plan of Merger with CycloÂ On August 21, 2024, the Company entered into anAgreement and Plan of Merger (the â€œMerger Agreementâ€), by and among: the Company; Tandem Therapeutics, Inc., a Nevada corporationand a wholly-owned subsidiary of the Company (â€œFirst Merger Subâ€); Tandem Therapeutics, LLC, a Nevada limited liability companyand a wholly-owned subsidiary of the Company (â€œSecond Merger Subâ€ and together with First Merger Sub, the â€œMerger Subsâ€);and Cyclo. The Merger Agreement and the transactions contemplated thereby were unanimously approved by the Company and Cycloâ€™s boardsof directors (the â€œBoardsâ€). The Merger Agreement also requires approval of Cycloâ€™s stockholders (the "Cyclo ShareholderVote") and the issuance of the Companyâ€™s Class B Common Stock, $0.01 par value per share (â€œRafael Class B Common Stockâ€)in the Merger (as defined below) requires approval by the Companyâ€™s stockholders (the "Rafael Shareholder Vote"). Uponsuch approvals and satisfaction or waiver of all other conditions set forth in the Merger Agreement and the effectiveness of a registrationstatement on Form S-4 to register the shares of Class B Common Stock of Rafael to be issued in the Merger, as defined below, the Mergerwill be consummated (the date upon which is referred to as the â€œClosing Dateâ€).Â The MergerÂ The Merger Agreement provides for, among otherthings, that at the First Effective Time (the â€œFirst Effective Timeâ€), First Merger Sub will merge with and into Cyclo (theâ€œFirst Mergerâ€), First Merger Sub will cease to exist, and Cyclo will become a wholly-owned subsidiary of the Company. Immediatelyfollowing the First Merger, Cyclo will merge with and into Second Merger Sub, with Second Merger Sub being the Surviving Entity of thesubsequent Merger (the "Second Mergerâ€ and together with the First Merger, the â€œMergerâ€).Â If the Merger is consummated, Rafael would becomethe primary beneficiary of Cyclo, a VIE that constitutes a business. In accordance with ASC 810, the initial consolidation of a VIE thatis a business shall be accounted for as a business combination in accordance with the provisions in Topic 805.Â Consideration to Cyclo Equity Holders in the MergerÂ At the First Effective Time: (i) any shares ofCyclo Capital Stock then held by Cyclo or in Cycloâ€™s treasury immediately prior to the First Effective Time shall be canceled andretired and shall cease to exist, and no consideration shall be delivered in exchange therefor; (ii) any shares of Cyclo Capital Stockthen held by Rafael immediately prior to the First Effective Time shall be canceled and retired and shall cease to exist, and no considerationshall be delivered in exchange therefor; (iii) except as provided in (i) and (ii) above, each share of Cyclo common stock issued and outstandingimmediately prior to the First Effective Time shall cease to be an existing and issued share of Cyclo common stock, and shall be converted,by virtue of the First Merger and without any action on the part of the holders thereof, into the right to receive a number of validlyissued, fully paid and nonassessable shares of Rafael Common Stock equal to the Exchange Ratio (as defined below). The shares of RafaelCommon Stock to be issued upon conversion of the Cyclo common stock are referred to as the â€œMerger Considerationâ€.Â The â€œExchange Ratioâ€ means the quotient(rounded down to four decimal places) obtained by dividing (x) $0.95 by (y) the sum of the (A) Total Net Cash Amount, plus (B) Total LoanAmount, divided by the total number of shares of Rafael Capital Stock outstanding at the First Effective Time, including any shares ofRafael Capital Stock issuable upon exercise or conversion of outstanding securities of Rafael with exercise or conversion prices thatare no greater than 150% of the then market price for the Rafael Class B common stock.Â 28 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The â€œTotal Net Cash Amountâ€ is definedin the Merger Agreement as (a) the sum of the total of (i) cash, cash equivalents and marketable securities of Rafael as of the ClosingDate; and (ii) Included Assets (as defined below), minus (b) the amount of Rafaelâ€™s current liabilities (on an unconsolidated basis),including, without limitation, accounts payable and accrued expenses, as of the end of the last month immediately prior to the ClosingDate, updated for material changes to such amounts following such date until the Closing Date, and determined in a manner consistent withthe manner such liabilities were historically reflected in Rafaelâ€™s financial statements.Â The â€œIncluded Assetsâ€ is defined inthe Merger Agreement as the appraised value of the real estate located at 5 Shlomo Levy Street, Har Hotzvim Jerusalem and the value ofthe Globis Capital Partners, L.P. holdings as of the latest calendar quarter ending prior to the First Effective Time. Total Loan Amountshall mean the outstanding principal amount of all amounts loaned by Rafael to Cyclo between June 11, 2024 and the Closing, including,without limitation, the Cyclo Convertible Notes, Cyclo Convertible Note III (as defined below) and Cyclo Convertible Note IV (as definedbelow), plus the accrued and unpaid interest thereon as of the date of the Closing.Â The â€œParent Capital Stockâ€ (also referredto as â€œRafael Capital Stockâ€) is defined in the Merger Agreement as the Rafael Class B common stock, $0.01 par value per share,the Rafael Class A common stock, par value $0.01 per share, of Rafael and the Rafael preferred stock, $0.01 par value per share.Â All compensatory options to purchase Cyclo commonstock shall automatically convert into options to acquire, on substantially similar terms and conditions, an adjusted number of sharesof Rafael Class B Common Stock, based upon the Exchange Ratio (rounded down to the nearest whole share), at an adjusted exercise priceper share, based upon the Exchange Ratio (rounded up to the nearest whole cent).Â Unless otherwise provided for in outstanding warrantagreements, all outstanding warrants to purchase Cyclo common stock (other than those held by Rafael which will be cancelled) will automaticallybe converted into warrants to purchase an adjusted number of shares of Rafael Class B Common Stock, based upon the Exchange Ratio, atan adjusted exercise price per share, based upon the Exchange Ratio. Certain Cyclo warrants have the right to elect to receive cash paymentin lieu of receiving warrants to purchase Rafael Class B Common Stock.Â For U.S. federal income tax purposes, the Mergeris intended to qualify as a "reorganizationâ€ within the meaning of Section 368(a)(1) of the Internal Revenue Code of 1986,as amended.Â No fractional shares of Rafael Class B CommonStock will be issued in connection with the Merger, and holders of Cyclo common stock who would otherwise be entitled to receive a fractionof a share of Rafael Class B Common Stock, shall, in lieu of any such fractional shares to which they would otherwise be entitled, receivethe number of shares of Rafael Class B Common Stock to which such holder of Cyclo common stock would be entitled to receive aggregatedand rounded up to the nearest whole share.Â 29 Â Â RAFAEL HOLDINGS, INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Cyclo Securities held by RafaelÂ Cycloâ€™s common stock and warrants held byRafael will be cancelled and retired and shall cease to exist upon consummation of the Merger.Â The Cyclo Convertible Notes (as defined below)will be forgiven at the closing of the Merger.Â Representations and Warranties; CovenantsÂ The Merger Agreement containsrepresentations, warranties and covenants of each of the parties thereto that are customary for transactions of this type.Â Under the Merger Agreement,(a) Cyclo has agreed, among other things, (i) to conduct its business in the ordinary course, and not to take certain actions withoutthe consent of the Company, (ii) not to solicit or engage in discussions regarding any alternative acquisition proposal or other transactionsimilar to the Business Combination, (iii) seek approval of its stockholders to the Business Combination, and (iv) use reasonable bestefforts to cause all conditions to the Business Combination to be satisfied and to consummate the Business Combination, and (b) the Companyhas agreed (i) not to take certain actions without the consent of Cyclo, (ii) use reasonable efforts to cause the shares of Rafael ClassB Common Stock to be issued in the Business Combination to be listed on the New York Stock Exchange, (iii) create, register with the Securitiesand Exchange Commission (â€œSECâ€) and list on the New York Stock Exchange a class of warrants to be issued to certain holdersof publicly-traded warrants to purchase Cyclo common stock, (iv) increase the number of shares available for grant under its equity planto cover options to be issued to holders of Cyclo Options, (v) seek approval of its stockholders to the issuance of the shares of theRafael Class B Common Stock in the Business Combination, and (vi) use reasonable best efforts to cause all conditions to the BusinessCombination to be satisfied and to consummate the Business Combination.Â The Company has also agreed,so long as Cyclo is not in active discussions regarding an acquisition proposal, to fund Cyclo through the earlier of the consummationof the Business Combination or termination of the Merger Agreement in such amounts as may be necessary for Cyclo to operate its businessand pay its debts and obligations as they become due, provided that Cyclo is being operated in a manner consistent with the terms of theMerger Agreement and the financial forecast previously shared with the Company (the â€œPre-Closing Fundingâ€). Following theclosing, the Company will fund Cycloâ€™s TransportNPCâ„¢ clinical trial to its 48-week interim analysis up to a maximum amount,when added to the Pre-Closing Funding, of $25 million.Â The Merger Agreement placescertain restrictions on the operation of Rafaelâ€™s business prior to the closing of the Business Combination, and such restrictions,the waiver of which is subject to the consent of Cyclo, may prevent Rafael from making certain acquisitions, taking certain other specifiedactions or otherwise pursuing business opportunities during the pendency of the Business Combination that Rafael would have made, takenor pursued if these restrictions were not in place.Â In addition, in connectionwith the closing of the Business Combination, the Company has agreed to appoint Markus W. Sieger, a current independent member of Cycloâ€™sboard of directors, to the Companyâ€™s Board.Â Lock-Up AgreementsÂ The Merger Agreement providesthat Cycloâ€™s directors and their affiliates that will receive shares of Rafael Class B Common Stock pursuant to the Merger Agreementor upon exercise of Rafael options received upon conversion of Cyclo options in the Business Combination have each agreed to enter intoa lock-up agreement which contains certain restrictions on transfer of such shares of Rafael Class B Common Stock for a period of theearlier of (a) six (6) months following closing of the Business Combination or (b) the date on which Rafael completes a liquidation, merger,share exchange, reorganization or other similar transaction that results in all of Rafaelâ€™s stockholders having the right to exchangetheir Rafael Class B Common Stock for cash, securities or other property.Â 30 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Voting AgreementÂ In connection with the entryinto the Merger Agreement, Rafael and certain other holders of Cyclo common stock entered into voting agreements pursuant to which thoseholders have agreed to vote in favor of the Merger Agreement and the consummation of the Business Combination at any meeting of Cycloâ€™sstockholders and take other actions in furtherance of the consummation of the Business Combination until the earlier of (i) the FirstEffective Time and (ii) the termination of the Merger Agreement (the â€œVoting Agreementâ€).Â Support AgreementÂ In connection with the entryinto the Merger Agreement, Howard Jonas entered into a support agreement (the â€œSupport Agreementâ€) with Rafael and Cyclo, underwhich Mr. Jonas has agreed to vote all shares of Rafael capital stock over which he exercises voting control to approve the issuance ofthe Rafael Class B Common Stock to the stockholders of Cyclo as contemplated by the Merger Agreement.Â TerminationÂ The Merger Agreement may beterminated under certain customary and limited circumstances prior to closing of the Business Combination, including, but not limitedto, (i) by the mutual written consent of the Company and Cyclo; (ii) by the Company, subject to certain exceptions, if any of the representationsor warranties of Cyclo are not true and correct or if Cyclo fails to perform any of its covenants or agreements under the Merger Agreement;(iii) by Cyclo, subject to certain exceptions, if any of the representations or warranties made by the Company are not true and corrector if the Company fails to perform any of its covenants or agreements under the Merger Agreement; (iv) by either the Company or Cyclo,if the Business Combination has not been consummated on or prior to November 30, 2024; provided, however, that, in the event that theSEC has not declared effective under the Securities Act of 1933, as amended (the â€œSecurities Actâ€) the Form S-4 by the datewhich is 45 calendar days prior to the End Date of November 30, 2024 pursuant to the Merger Agreement, then the End Date shall automaticallybe extended to December 31, 2024 (the â€œEnd Dateâ€), unless the breach of any covenants or obligations under the Merger Agreementby the party seeking to terminate was the principal cause of the failure to consummate the transactions contemplated by the Merger Agreement;(v) by either the Company or Cyclo, if any governmental entity has issued an order or taken any other action permanently enjoining, restrainingor otherwise prohibiting the transactions contemplated by the Merger Agreement and such order or other action has become final and non-appealable;(vi) by either the Company or Cyclo, if the required approvals by the stockholders of the Company and Cyclo have not been obtained; and(vii) by the Company, if Cycloâ€™s Board (or a committee thereof) makes a Cyclo Adverse Change Recommendation, as defined in the MergerAgreement. A â€œCyclo Adverse Change Recommendationâ€ means during the pre-closing Period, neither Cycloâ€™s board nor anycommittee thereof shall (1)(A) withdraw, withhold, amend or qualify or modify, in each case, in a manner adverse to Rafael, or publiclypropose to withdraw, withhold, amend or qualify or modify, in each case, in a manner adverse to Rafael, Cycloâ€™s board recommendation,(B) fail to include Cycloâ€™s board recommendation in the joint proxy statement/prospectus, (C) fail to publicly reaffirm Cycloâ€™sboard recommendation within ten (10) business days after Rafael so requests in writing (it being understood that Rafael shall only beentitled to make up to two (2) such reaffirmation requests), (D) approve, recommend or declare advisable, or publicly propose to approve,recommend or declare advisable, any acquisition proposal other than from Rafael and Rafaelâ€™s affiliates or (E) if any tender offeror exchange offer is commenced for equity securities of Cyclo, fail to recommend against such tender offer or exchange offer by the earlierof (1) the tenth (10th) business day after the commencement of such tender offer or exchange offer and (2) the third (3rd) business dayprior to Cycloâ€™s stockholders meeting other than a â€œstop, look and listenâ€ communication pursuant to Rule 14d-9(f) underthe Exchange Act.Â If the Business Combinationis validly terminated in accordance with the Merger Agreement, then either of Rafael or Cyclo shall reimburse the terminating party fortheir reasonable documented out-of-pocket expenses, including all fees and expenses of counsel, financial advisors and accountants, actuallyincurred in connection with the Merger Agreement, in an amount not to exceed $250,000 in cash, or if Rafael terminates the Business Combinationin the event of a Cyclo Adverse Change Recommendation, Cyclo will promptly pay to Rafael an amount equal to $400,000 in cash (the â€œCompanyTermination Feeâ€).Â Funding CommitmentÂ Rafael has agreed, so long as Cyclo is not inactive discussions regarding an acquisition proposal, to fund Cyclo through the earlier of the consummation of the Merger or terminationof the Merger Agreement in such amounts as may be necessary for Cyclo to operate its business and pay its debts and obligations as theybecome due, provided that Cyclo is being operated in a manner consistent with the terms of the Merger Agreement and the financial forecastpreviously shared with Rafael (the â€œPre-Closing Fundingâ€). Following the closing, Rafael will fund Cycloâ€™s TransportNPCâ„¢clinical trial to its 48-week interim analysis up to a maximum amount, when added to the Pre-Closing Funding, of $25 million. The aggregatePre-Closing Funding that has taken place through the date of this filing is referred to herein as the â€œCyclo Convertible Notes,â€see Note 12.Â The Merger is expected to close in the first calendar quarter of 2025,following the receipt of the required approvals by Rafael and Cyclo stockholders and the fulfillment of other customary closing conditions.Â 31 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â NOTE 12 â€“ CONVERTIBLE NOTE RECEIVABLES, DUE FROM CYCLO THERAPEUTICS, INC.Â On June 11, 2024, the Company entered into a NotePurchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory note in the principal amount of $2 million(the â€œCyclo Convertible Note Iâ€) to the Company for $2 million in cash. The Cyclo Convertible Note I was issued with a maturitydate of November 11, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of the Cyclo ConvertibleNote I is convertible into shares of Cyclo common stock at the option of the Company unless converted automatically upon certain events,as defined in the Cyclo Convertible Note I Note Purchase Agreement. On October 8, 2024, the maturity date of Convertible Note I was amendedto be December 21, 2024.Â On July 16, 2024, the Company entered into a FirstAmended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory note in theprincipal amount of $2 million (the â€œCyclo Convertible Note IIâ€) to the Company for $2 million in cash. The Cyclo ConvertibleNote II was issued with a maturity date of November 11, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. Theprincipal amount of the Cyclo Convertible Note II is convertible into shares of Cyclo common stock at the option of the Company unlessconverted automatically upon certain events, as defined in the Cyclo Convertible Note II Note Purchase Agreement. On October 8, 2024,the maturity date of Convertible Note II was amended to be December 21, 2024.Â On August 21, 2024, Rafael entered into a SecondAmended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory note in theprincipal amount of $3 million to Rafael for $3 million (the â€œCyclo Convertible Note IIIâ€) in cash. The Cyclo ConvertibleNote III matures on December 21, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of theCyclo Convertible Note III is convertible into shares of Cyclo common stock at the option of Rafael (provided, however, that Rafael maynot elect to convert the convertible note (or prior convertible notes) issued by Cyclo to Rafael in connection with previous loans if,following such conversion, Rafael will beneficially own more than 49.9% of Cyclo common stock); and automatically on certain other events.Â On September 9, 2024, Rafael entered into a ThirdAmended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory note in theprincipal amount of $3 million (the â€œCyclo Convertible Note IVâ€) to Rafael for $3 million in cash. The Cyclo Convertible NoteIV matures on December 21, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of the CycloConvertible Note IV is convertible into shares of Cyclo common stock at the option of Rafael (provided, however, that Rafael may not electto convert the convertible note (or prior convertible notes) issued by Cyclo to Rafael in connection with previous loans if, followingsuch conversion, Rafael will beneficially own more than 49.9% of Cyclo common stock); and automatically on certain other events.Â On October 8, 2024, Rafael entered into a FourthAmended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory note in theprincipal amount of $3 million (the â€œCyclo Convertible Note Vâ€) to Rafael for $3 million in cash. The Cyclo Convertible NoteV matures on December 21, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of the CycloConvertible Note V is convertible into shares of Cyclo common stock at the option of Rafael (provided, however, that Rafael may not electto convert the convertible note (or prior convertible notes) issued by Cyclo to Rafael in connection with previous loans if, followingsuch conversion, Rafael will beneficially own more than 49.9% of Cyclo common stock); and automatically on certain other events.Â The Cyclo Convertible Note I, the Cyclo

ConvertibleNote II, the Cyclo Convertible Note III, the Cyclo Convertible Note IV, and the Cyclo Convertible Note V are together referred to as theâ€œCyclo Convertible Notes.â€Â In the event that Cyclo consummates any publicor private offering of its Equity Securities resulting in gross proceeds of at least $8,000,000 (excluding this Note) (a â€œQualifiedFinancingâ€) at any time prior to the earlier of the Maturity Date and the repayment in full of this Note, then the outstanding principalbalance of the Cyclo Convertible Notes, together with any accrued and unpaid interest thereon, will automatically convert into sharesof Cyclo common stock, par value $.0001 per share (the â€œCommon Stockâ€), at a conversion price equal to the lesser of (i) $.95(the â€œBase Priceâ€), and (ii) eighty percent (80%) of the purchase price paid by the investors purchasing the Equity Securitiesin the Qualified Financing. For purposes of the Cyclo Convertible Notes, the term â€œEquity Securitiesâ€ shall mean (1) any sharesof Common Stock or preferred stock of Cyclo, (2) any security convertible or exchangeable for Common Stock or preferred stock of Cyclo,and (3) any other rights to purchase or otherwise acquire Common Stock or preferred stock of Cyclo, in each case issued in a QualifiedFinancing following the date hereof.Â 32 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â On October 8, 2024, Rafael entered into an Amendmentto Convertible Promissory Notes whereby each Cyclo Convertible Note was amended to replace conversion terms related to a Sale Transaction(â€œSale Transactionâ€ as defined in the Cyclo Convertible Notesâ€™ Agreements as a) the sale of all or substantially allof Cycloâ€™s assets, b) the consolidation or Merger of Cyclo or any of its subsidiaries with or into any other corporation or otherentity or person or other similar transaction, or c) any other transaction or series of related transactions to which Cyclo is a partyin which in excess of fifty percent (50%) of Cycloâ€™s voting securities are transferred), and include terms so that pursuant to theAgreement and Plan of Merger, dated as of August 21, 2024, the outstanding principal balance of the Cyclo Convertible Notes, togetherwith any accrued and unpaid interest thereon, shall be discharged in full and Cyclo will not be required to make any further paymentsto Rafael. The Amendment to Convertible Promissory Notes also amended the maturity date of the Cyclo Convertible Note I and the CycloConvertible Note II to be December 21, 2024, such that all of the Cyclo Convertible Notes have a maturity date of December 21, 2024.Â The Cyclo Convertible Notes are required to beaccounted for at fair value pursuant to ASC 825, Financial Instruments (â€œASC 825â€), at their respective dates of issuanceand in subsequent reporting periods, as the Company elected to account for its prior investment in Cyclo common stock under the fair valueoption. The Company has elected to present interest income from the Cyclo Convertible Notes, together with the changes in fair value ofthe notes, along with the changes in fair value related to the investments in Cyclo, in unrealized gain on investments - Cyclo on theconsolidated statements of operations and comprehensive loss. During the three months ended October 31, 2024, the Company recognized anunrealized loss of $1.6 million related to its investment in Cyclo Convertible Notes receivable. See Note 14 for further details.Â On November 7, 2024, the Company entered intothe Fifth Amended and Restated Note Purchase Agreement with Cyclo, whereby the Company was issued $2.0 million in convertible notes receivablefor $2 million in cash. On December 9, 2024, the Company entered into the Sixth Amended and Restated Note Purchase Agreement with Cyclo,whereby the Company was issued $1.0 million in convertible notes receivable for $1 million in cash. See Note 25 for further details.Â NOTE 13 â€“ INVESTMENTS IN MARKETABLE SECURITIESÂ The Company has classified its investments incorporate bonds, U.S. agency bonds, and U.S. treasury bills as available-for-sale securities. These securities are carried at estimatedfair value with unrealized holding gains and losses included in accumulated other comprehensive income (loss) in stockholdersâ€™ equityuntil realized. Investment transactions are recorded on their trade date. Gains and losses on marketable security transactions are reportedon the specific-identification method. Interest income is accrued daily and adjusted for amortization of premiums and accretion of discountson the corporate bonds, U.S. agency bonds, and U.S. treasury bills.Â The amortized cost, gross unrealized holding gains,gross unrealized holding losses, and fair value for available-for-sale securities as of OctoberÂ 31, 2024 and JulyÂ 31, 2024 areas follows:Â October 31, 2024Â Amortized costÂ Â Gross unrealized gainsÂ Â Gross unrealized (losses)Â Â Fair valueÂ Â Â (in thousands)Â Available-for-sale securities:Â Â Â Â Â Â Â Â Â Â Â Â U.S. Agency bondsÂ $1,435Â Â $â€”Â Â $â€”Â Â $1,435Â Corporate bondsÂ Â 44,723Â Â Â 10Â Â Â (30)Â Â 44,703Â Total available-for-sale securitiesÂ $46,158Â Â $10Â Â $(30)Â $46,138Â Â July 31, 2024Â Amortized costÂ Â Gross unrealized gainsÂ Â Gross unrealized (losses)Â Â Fair valueÂ Â Â (in thousands)Â Available-for-sale securities:Â Â Â Â Â Â Â Â Â Â Â Â U.S. Treasury BillsÂ $3,969Â Â $â€”Â Â $(2)Â $3,967Â U.S. AgencyÂ Â 4,079Â Â Â â€”Â Â Â (3)Â Â 4,076Â Corporate bondsÂ Â 55,252Â Â Â 2Â Â Â (32)Â Â 55,222Â Total available-for-sale securitiesÂ $63,300Â Â $2Â Â $(37)Â $63,265Â Â 33 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â During the three months ended October 31, 2024and 2023, the Company reclassified approximately $194 thousand and $177 thousand, respectively, of unrealized gains out of accumulatedother comprehensive income related to the sale of available-for-sale securities into realized gain on available-for-sale securities.Â Corporate bonds and U.S. agency bonds held as of OctoberÂ 31, 2024were all due within one year.Â Marketable securities in an unrealized loss positionfor the three months ended October 31, 2024 were not deemed impaired at acquisition. Effective August 1, 2023, the Company evaluates subsequentunrealized losses to determine whether the decline in fair value has resulted from credit losses or other factors. No such credit losseshave been identified during the three months ended October 31, 2024 and 2023.Â NOTE 14 â€“ FAIR VALUE MEASUREMENTSÂ Fair value is defined as the price that wouldbe received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurementdate. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologiesused to measure fair value:Â â—Level 1 - quoted prices in active markets for identical assets or liabilities;Â â—Level 2 - quoted prices in active markets for similar assets and liabilities and inputs that areobservable for the asset or liability; orÂ â—Level 3 - unobservable inputs for the asset or liability, such as discounted cash flow models orvaluations.Â The determination of where assets and liabilitiesfall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.Â The Companyâ€™s assets required to be measuredat fair value on a recurring basis and where they are classified within the fair value hierarchy as of OctoberÂ 31, 2024 and JulyÂ 31,2024 are as follows:Â Â Â October 31, 2024Â Â Â Level 1Â Â Level 2Â Â Level 3Â Â TotalÂ Assets:Â (in thousands)Â Available-for-sale securities - Corporate and U.S. Agency BondsÂ $â€”Â Â $46,138Â Â $â€”Â Â $46,138Â Investment in Cyclo - Common StockÂ Â 6,772Â Â Â â€”Â Â Â â€”Â Â Â 6,772Â Convertible note receivables, due from CycloÂ Â â€”Â Â Â â€”Â Â Â 12,603Â Â Â 12,603Â Investment in Cyclo - WarrantsÂ Â â€”Â Â Â â€”Â Â Â 873Â Â Â 873Â Convertible note receivableÂ Â â€”Â Â Â â€”Â Â Â 1,161Â Â Â 1,161Â TotalÂ $6,772Â Â $46,138Â Â $14,637Â Â $67,547Â Â Â Â July 31, 2024Â Â Â Level 1Â Â Level 2Â Â Level 3Â Â TotalÂ Assets:Â (in thousands)Â Available-for-sale securities - Corporate and U.S. Agency BondsÂ $â€”Â Â $59,298Â Â $â€”Â Â $59,298Â Available-for-sale securities - U.S. Treasury BillsÂ Â 3,967Â Â Â â€”Â Â Â â€”Â Â Â 3,967Â Investment in Cyclo - Common StockÂ Â 10,746Â Â

Â â€”Â Â Â â€”Â Â Â 10,746Â Investment in Cyclo - WarrantsÂ Â â€”Â Â Â â€”Â Â Â 1,264Â Â Â 1,264Â Convertible note receivables, due from CycloÂ Â â€”Â Â Â â€”Â Â Â 5,191Â Â Â 5,191Â Hedge fundsÂ Â â€”Â Â Â â€”Â Â Â 2,547Â Â Â 2,547Â Convertible note receivableÂ Â â€”Â Â Â â€”Â Â Â 1,146Â Â Â 1,146Â TotalÂ $14,713Â Â $59,298Â Â $10,148Â Â $84,159Â Â 34 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â As of OctoberÂ 31, 2024 and JulyÂ 31,2024, the Company did not have any liabilities measured at fair value on a recurring basis.Â The following table summarizes the changes inthe fair value of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):Â Â Â Three Months Ended October 31,Â Â Â 2024Â Â 2023Â Â Â (in thousands)Â Balance, beginning of periodÂ $10,148Â Â $6,905Â Withdrawal from Hedge Fund InvestmentsÂ Â (2,547)Â Â (2,500) Unrealized gain on Hedge FundÂ Â â€”Â Â Â (166) Investment in Cyclo WarrantsÂ Â â€”Â Â Â 1,338Â Unrealized loss on Cyclo WarrantsÂ Â (391)Â Â (248) Unrealized gain on Convertible note receivable, related partyÂ Â â€”Â Â Â (63) Change in fair value of Convertible note receivableÂ Â 15Â Â Â â€”Â Funding of Cyclo Convertible Note IIIÂ Â 3,000Â Â Â â€”Â Funding of Cyclo Convertible Note IVÂ Â 3,000Â Â Â â€”Â Funding of Cyclo Convertible Note VÂ Â 3,000Â Â Â Â Â Change in fair value of Cyclo Convertible NotesÂ Â (1,588)Â Â â€”Â Balance, end of periodÂ $14,637Â Â $5,266Â Â Hedge funds classified as Level 3 include investmentsand securities which may not be based on readily observable data inputs. The availability of observable inputs can vary from securityto security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new andnot yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. The fair valueof these assets is estimated based on information provided by the fund managers or the general partners. Therefore, these assets are classifiedas Level 3. During the three months ended October 31, 2024, the Company requested a withdrawalof its remaining balance in Hedge Fund Investments. The Company recognized a realized loss of $2 thousand upon the withdrawalâ€™s approval.The withdrawal, in the amount of $2.5 million, was not yet funded at October 31, 2024, and is included in prepaid expenses and other currentassets in the accompanying consolidated balance sheets.Â Available-for-sale securities classified as Level3 include a convertible note receivable, related party (see Note 8) which may not be basedon readily observable data inputs. The availability of observable inputs can vary and is affected by a wide variety of factors, including,for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, andother characteristics particular to the security. The fair value of this asset is estimated using a scenario-based analysis based on theprobability-weighted present value of future investment returns, considering each of the possible outcomes available to us, includingcash repayment, equity conversion, and collateral transfer scenarios. Estimating the fair value of the convertible note requires the developmentof significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes ininternal and external market factors. Therefore, this asset is classified as Level 3.Â The Company recognizes the fair value of the CycloWarrants utilizing a Black-Scholes option pricing valuation model (â€œBlack-Scholes modelâ€) at acquisition and each reportingdate. The application of the Black-Scholes model utilizes significant assumptions, including expected volatility, expected life, marketabilitydiscount and risk-free interest rate. In order to determine the volatility, we measured expected volatility based on several inputs, includingconsidering a peer group of publicly traded companies and the implied volatility of Cycloâ€™s publicly-traded warrants. As a result of theunobservable inputs that were used to determine the expected volatility of the Cyclo Warrants, the fair value measurement of these warrantsreflected a Level 3 measurement within the fair value measurement hierarchy. The risk-free interest rate is based on the U.S. Treasuryzero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life ofthe warrants is assumed to be equivalent to their remaining contractual term.â€Œ The expected volatility is a key assumption or inputto the valuation of the Cyclo Warrants; however, changes in the expected volatility assumption will have less of an effect on the Black-Scholesmodel valuation as the Cyclo Warrants approach their expiration. The Cyclo Warrants are subject to limits on exercise and any sales ofthe underlying shares of common stock would be subject to volume restrictions for which a discount to the stock price of Cyclo was applied.The Black-Scholes model further incorporated a discount for the overall lack of marketability for the Cyclo Warrants.Â 35 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Below are the unobservable inputs to the CycloWarrants which reflect a Level 3 measurement within the fair value measurement hierarchy as of OctoberÂ 31, 2024:Â Unobservable InputÂ RangeÂ Weighted AverageÂ Price Per Share [1]Â $0.44-$0.51Â $0.47Â Exercise PriceÂ $0.95 - $1.25Â $1.14Â Expected VolatilityÂ 90% - 103%Â Â 98.3% Risk - Free RateÂ 4.1%-4.2%Â Â 4.16% Marketability DiscountÂ 50%-54%Â Â 55.0% Remaining Term (Years)Â 3.0 - 5.8Â Â 4.7Â Fair Value per WarrantÂ $0.11-$0.14Â $0.13Â Â [1]Closing price of Cycloâ€™s common shares adjusted to reflectregulatory resale restrictions which ranged from 40.0% to 50.0%.Â The Company used a scenario-based analysis toestimate the fair value of the Cyclo Convertible Notes based on the probability-weighted present value of future investment returns, consideringeach of the possible outcomes available to the Company, including cash repayment and equity conversion. Estimating the fair values ofthe Cyclo Convertible Notes requires the development of significant and subjective estimates that may, and are likely to, change overthe duration of the instrument with related changes in internal and external market factors. The four scenarios included maturity, a subsequentfinancing, a change in control, and an event of default, whereby total probability of one-hundred percent (100%) is allocated across thefour scenarios, at issuance and each subsequent reporting period. With respect to the scenario reflecting maturity of the Cyclo ConvertibleNotes, the associated volatility assumption reflects voluntary conversion of the Cyclo Convertible Notes prior to their respective maturities.The Company used scenario-based analyses at August 21, 2024, September 9, 2024, and October 8, 2024 to determine the issuance date fairvalue of the Cyclo Convertible Note III, Cyclo Convertible Note IV, and Cyclo Convertible Note V, respectively, with the following inputs:Â Â Â Convertible Note IIIÂ Convertible Note IVÂ Convertible Note V InputÂ Issuance at August 21, 2024Â Issuance at September 9, 2024Â Issuance at October 8, 2024 Discount factorÂ 0.947 - 0.956Â 0.954 - 0.964Â 0.980 - 0.986 Conversion priceÂ $0.95 - $1.19Â $0.95 - $1.19Â $0.95 - $1.19 DividendÂ 0%Â 0%Â 0% Risk-free rateÂ 5.02% - 5.20%Â 4.93% - 5.10%Â 4.70% - 4.90% Stock priceÂ $1.26Â $0.68Â $0.74 TermÂ 0.27 - 0.33 yearsÂ 0.22 - 0.28 yearsÂ 0.14 - 0.20 years Equity volatilityÂ 59.0% - 65.0%Â 88.0% - 97.0%Â 97.0% - 104.0% Black-Scholes Merton Call ValueÂ $0.20 - $0.37Â $0.02 - $0.05Â $0.02 - $0.06 Â Â Below are the inputs used to remeasure the fairvalue of the Cyclo Convertible Notes as of OctoberÂ 31, 2024:Â InputÂ Range Discount factorÂ 0.988 - 0.993 Conversion priceÂ $0.95 - $1.19 DividendÂ 0% Risk-free rateÂ 4.61% - 4.80% Stock priceÂ $0.75 TermÂ 0.08 - 0.14 years Equity volatilityÂ 54.0% Black-Scholes Merton Call ValueÂ $0.00 - $0.01 Â 36 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Fair Value of Other Financial InstrumentsÂ The estimated fair value of the Companyâ€™sother financial instruments was determined using available market information or other appropriate valuation methodologies. However, considerablejudgment is required in interpreting these data to develop estimates of fair value. Consequently, the estimates are not necessarily indicativeof the amounts that could be realized or would be paid in a current market exchange.Â The Companyâ€™s financial instruments includetrade accounts receivable, trade accounts payable, and due from related parties. The recorded carrying amounts of accounts receivable,accounts payable and due to related parties approximate their fair value due to their short-term nature.Â NOTE 15 â€“ ACCOUNTS RECEIVABLEÂ Accounts receivable consisted of the following:Â Â Â October 31, 2024Â Â July 31, 2024Â Â Â (in thousands)Â Accounts receivable - third partyÂ $338Â Â $338Â Accounts receivable - related partyÂ Â 108Â Â Â 333Â Less allowance for credit lossesÂ Â (245)Â Â (245) Accounts receivable, netÂ $201Â Â $426Â Â NOTE 16 â€“ PROPERTY AND EQUIPMENTÂ Property and equipment consisted of the following:Â Â Â October 31, 2024Â Â July 31, 2024Â Â Â (in thousands)Â Building and improvementsÂ $2,505Â Â $2,505Â Machinery and equipmentÂ Â 558Â Â Â 552Â OtherÂ Â 81Â Â Â 81Â Â Â Â 3,144Â Â Â 3,138Â Less accumulated depreciation and amortizationÂ Â (1,066)Â Â (1,018) TotalÂ $2,078Â Â $2,120Â Â Other property and equipment consist of otherequipment and miscellaneous computer hardware.Â Â Depreciation expense and amortization pertainingto property and equipment was approximately $48 thousand and $17 thousand for the three months ended October 31, 2024 and 2023, respectively.Â NOTE 17 - GOODWILL AND INTANGIBLE ASSETSÂ GoodwillÂ The following is a summary ofgoodwill by reportable segment for the three months ended October 31, 2024:Â Â Â HealthcareÂ Â Real EstateÂ Â Infusion TechnologyÂ Â ConsolidatedÂ Â Â (in thousands)Â Balance as of July 31, 2024Â $Â Â Â Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $Â Â Â Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $Â Â Â Â Â Â Â Â Â 3,050Â Â $Â Â Â Â Â Â Â Â Â Â 3,050Â ActivityÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Balance as of OctoberÂ 31, 2024Â $â€”Â Â $â€”Â Â $3,050Â Â $3,050Â Â 37 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Intangible assetsÂ The following is a summary ofintangible assets at OctoberÂ 31, 2024:Â Â Â Weighted average remaining useful life (years)Â Â Gross Carrying AmountÂ Â Accumulated AmortizationÂ Â Net Carrying AmountÂ Â Â Â Â (in thousands)Â Intellectual PropertyÂ Â 15Â Â $1,894Â Â Â (105)Â $1,789Â Non-compete AgreementsÂ Â 2Â Â Â 50Â Â Â (21)Â Â 29Â Total Intangible AssetsÂ Â Â Â Â $1,944Â Â Â (126)Â $1,818Â Â AmortizationÂexpense for the next five years and thereafter for intangible assets is estimated to be as follows for years ending:Â Year Ending July 31,Â (in thousands)Â 2025Â $110Â 2026Â Â 133Â 2027Â Â 124Â 2028Â Â 124Â 2029Â Â 124Â ThereafterÂ Â 1,203Â TotalÂ $1,818Â Â Amortizationof intangible assets totaled $38 thousand for the three months ended October 31, 2024, and is included in depreciation and amortizationexpense within the consolidated statements of operations and comprehensive loss.Â NOTE 18 â€“ LOSS PER SHAREÂ Basic loss per share is computed by dividing netloss attributable to all classes of common stockholders of the Company by the weighted average number of shares of all classes of commonstock outstanding during the applicable period. Diluted loss per share includes potentially dilutive securities such as stock options,unvested restricted stock, warrants to purchase common stock, and other convertible instruments unless the result of inclusion would beanti-dilutive.Â The following table summarizes the Companyâ€™spotentially dilutive securities which have been excluded from the calculation of dilutive loss per share as their effect would be anti-dilutive:Â Â Â Three Months Ended October 31,Â Â Â 2024Â Â 2023Â Shares issuable upon exercise of stock optionsÂ Â 638,409Â Â Â 388,409Â Shares issuable upon vesting of restricted stockÂ Â 478,553Â Â Â 855,173Â Â Â Â 1,116,962Â Â Â 1,243,582Â Â The diluted loss per share computation equalsbasic loss per share for the three months ended October 31, 2024 and 2023 because the Company had a net loss in all such periods and theimpact of the assumed vesting of restricted shares and exercise of stock options would have been anti-dilutive.Â 38 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The following table summarizes the basic and dilutedloss per share calculations (in thousands, except for share and per share amounts):Â Â Â Three Months Ended October 31,Â Â Â 2024Â Â 2023Â Numerator:Â Â Â Â Â Â Net lossÂ $(9,211)Â $(3,760) Net loss attributable to noncontrolling interestsÂ Â (205)Â Â (122) Net loss attributable to Rafael Holdings, Inc.Â $(9,006)Â $(3,638) Â Â Â Â Â Â Â Â Â Denominator:Â Â Â Â Â Â Â Â Weighted average basic and diluted shares outstandingÂ Â 24,062,854Â Â Â 23,644,647Â Â Â Â Â Â Â Â Â Â Loss per share attributable to common stockholdersÂ Â Â Â Â Â Â Â Basic and diluted:Â $(0.37)Â $(0.15) Â NOTE 19 â€“ RELATED PARTY TRANSACTIONSÂ IDT CorporationÂ IDT Corporation (â€œIDTâ€), a relatedparty through common ownership and some common members of management, has historically maintained a due to/from balance that relates tocash advances for investments, loan repayments, charges for services provided to the Company by IDT and payroll costs for the Companyâ€™spersonnel that were paid by IDT as the relevant persons were also providing services to IDT. IDT billed the Company approximately$70 thousand and $78 thousand for services during the three months ended October 31, 2024 and 2023,respectively, of which $70 and $78 thousand is included in due to related partiesat October 31, 2024 and 2023, respectively.Â IDT currently leases approximately 3,600 squarefeet of office space and parking in Jerusalem, Israel. The Company invoiced IDT approximately $27thousand for each of the three months ended October 31, 2024 and 2023,respectively. As of OctoberÂ 31, 2024 and 2023, IDT owed the Company approximately$107 thousand and $223 thousand, respectively, for office rent and parking plus Israeli value added tax.Â Related Party Rental IncomeÂ The Company leased space to related parties (includingIDT Corporation â€“ see above) which represented approximately 21% and 40% of the Companyâ€™s total revenue for the three monthsended October 31, 2024 and 2023, respectively.Â Howard Jonas, Chairman of the Board, FormerChief Executive Officer Â On July 31, 2023, eight trusts, each for the benefitof a child of Howard S. Jonas, the Companyâ€™s Executive Chairman and Chairman of the Board, with independent trustees, transferredan aggregate of 787,163 shares of Class A common stock of the Company (representing all of the issued and outstanding shares of the ClassA common stock of the Company, and 51.3% of the aggregate voting power of all issued and outstanding shares of capital stock of the Company)to a limited partnership. Howard Jonas is the sole manager of the sole general partner of the limited partnership and, therefore, hassole voting and dispositive power over the shares of Class A common stock held by the limited partnership. Following the transfer, Mr.Jonas is the controlling stockholder of the Company and the Company is a controlled company as defined in Section 303A of the New YorkStock Exchange Listed Company Manual.Â During thethree months ended October 31, 2024, the Company paid Sam Beyda, who serves as Chief Executive Officer and a Director of Day Threeand is Howard Jonasâ€™ son-in-law, a salary of $41.7 thousand and bonus of $23.7 thousand.Â NOTE 20 â€“ INCOME TAXESÂ During the three months ended October 31, 2024and 2023, the Company recorded an income tax provision of $12 thousand and $6 thousand, on losses before income tax of $9.2 million and$3.5 million, respectively. The change in income tax expense in relation to the loss before income taxes was primarily due to differencesin the amount of taxable income (loss) in the various taxing jurisdictions and the associated valuation allowances. As of October 31,2024 and 2023, the Company had a full valuation allowance on the total net deferred tax asset balance.Â 39 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS(Unaudited)Â NOTE 21 â€“ BUSINESS SEGMENT INFORMATIONÂ The Company conducts business as three operatingsegments, Healthcare, Infusion Technology and Real Estate. The Companyâ€™s reportable segments are distinguished by types of service,customers and methods used to provide their services. The operating results of these business segments are regularly reviewed by the Companyâ€™sChief Executive Officer who is the chief operating decision-maker. Following the Day Three Acquisition, the chief operating decision-makerbegan reviewing the operating results of Day Three and in accordance with the Companyâ€™s accounting policy, the Company concluded thisresulted in a new operating segment, which the Company refers to as Infusion Technology.Â The accounting policies of the segments are thesame as the accounting policies of the Company as a whole. The Company evaluates the performance of its Healthcare segment based primarilyon research and development efforts and results of clinical trials and the Infusion Technology and Real Estate segments based primarilyon results of operations.Â The Healthcare segment is comprised of a majorityequity interest in LipoMedix, Barer, Cornerstone and Rafael Medical Devices. To date, the Healthcare segment has not generated any revenues.Â The Real Estate segment consists of the Companyâ€™sreal estate holdings, which are currently comprised of a portion of a commercial building in Israel.Â The Infusion Technology segment is comprised ofa majority equity interest in Day Three. Revenues associated with the Infusion Technology segment include infusion technology revenuederived from Day Threeâ€™s Unlokt technology.Â Operating results for the business segments ofthe Company are as follows:Â (in thousands)Â HealthcareÂ Â Infusion TechnologyÂ Â Real EstateÂ Â TotalÂ Three Months Ended October 31, 2024Â Â Â Â Â Â Â Â Â Â Â Â RevenuesÂ $â€¯â€¯Â Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $51Â Â $77Â Â $128Â Loss from operationsÂ Â (3,522)Â Â (263)Â Â (59)Â Â (3,844) Â (in thousands)Â HealthcareÂ Â Infusion TechnologyÂ Â Real EstateÂ Â TotalÂ Three Months Ended October 31, 2023Â Â Â Â Â Â Â Â Â Â Â Â RevenuesÂ $Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $Â Â Â Â Â Â Â Â Â Â Â â€”Â Â $68Â Â $68Â (Loss) income from operationsÂ Â (2,500)Â Â â€”Â Â Â 22Â Â Â (2,478) Â Total assets by segment are not provided to or reviewed by the CODM.Â Geographic Information Â Infusion Technology SegmentÂ Revenue from the Infusion Technology segment is entirely from customerslocated in the United States.Â Real Estate SegmentÂ Revenue from the Real Estate segment was generatedentirely from tenants located in Israel.Â 40 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â AssetsÂ Net property, plant, and equipment and total assetssummarized by geographic area are as follows:Â (in thousands)Â United StatesÂ Â IsraelÂ Â TotalÂ October 31, 2024Â Â Â Â Â Â Â Â Â Property, plant, and equipment, netÂ $756Â Â $1,322Â Â $2,078Â Total assetsÂ Â 84,012Â Â Â 3,823Â Â Â 87,835Â Â Â Â Â Â Â Â Â Â Â Â Â Â July 31, 2024Â Â Â Â Â Â Â Â Â Â Â Â Property, plant, and equipment, netÂ $783Â Â $1,337Â Â $2,120Â Total assetsÂ Â 93,434Â Â Â 3,398Â Â Â 96,832Â Â NOTE 22 â€“ COMMITMENTS AND CONTINGENCIESÂ Legal ProceedingsÂ The Company may from time to time be subject tolegal proceedings that may arise in the ordinary course of business. Although there can be no assurance in this regard, the Company doesnot expect any of those legal proceedings to have a material adverse effect on the Companyâ€™s results of operations, cash flows orfinancial condition.Â License AgreementsÂ Cornerstone is a party to two license agreementsin connection with certain technology being used for products under development and is required to make certain annual maintenance payments.In addition, royalty payments, calculated on a low single digit percentage of net sales, as defined in the respective agreements, willbe required upon the commercialization of licensed technology. Sublicensing fees are calculated and due based upon a percentage of grosssublicense fees. Cornerstone expenses license obligation payments to research and development on the consolidated statements of operationsand comprehensive loss.Â One worldwide license agreement requires Cornerstoneto reimburse the other party for costs associated with filing and defending various patents worldwide. Payment obligations under thislicense agreement remain in effect until the last underlying patents granted under the license agreement expire in their respective countries.The last patent expired in 2019. License maintenance fees are currently $20,000 per year and continue for the term of the agreement, whichexpires in 2026. The license maintenance fees are replaced by minimum royalties of $10,000 during the first year following governmentalapproval to market products and escalates to $1,000,000 during the term of the agreement. Cornerstone is also responsible to pay feeson any sub-licensing of the licensed patents. Cornerstone may credit each annual license maintenance fee in full against all royaltiesand sublicensing fees due during the same calendar year. Cornerstone may terminate the license agreement upon 90 daysâ€™ notice. Eitherparty may terminate the license agreement if the other party commits any material breach of any covenant or promise and does not curesuch breach within 30 days of the receipt of written notice of such material breach. In May 2017, Cornerstone renegotiated the agreementreferred to as the â€œsecond license.â€ In exchange for a waiver of certain product development milestones, Cornerstone modifiedthe agreement to pay a low single digit percentage royalty for a duration of five years on Net Sales of product sold after the expirationof the licensed patent and potentially up to eight years. As of OctoberÂ 31, 2024, there are no products being marketed which arecovered by the patents under the license agreement.Â The remaining minimum payments required underthe license agreement, assuming the agreement is not terminated by Cornerstone, excluding any escalation for receiving government marketingapproval subsequent to July 31, 2018, are $20,000 per year. The agreement may continue until January 1, 2029 (if not earlier terminated).Â Cornerstoneâ€™s second license continuesuntil the termination of the later of the last to expire patent or royalty obligation under the agreement on a country-by-country basis(currently, or as otherwise provided in the license agreement). Fifty percent of the maintenance fee payments, up to $1.1 million, maybe credited against the potential future royalty payments, calculated on a single digit percentage of net sales, as defined, that Cornerstonewould have to make to the license holder should royalties be paid. The agreement may be terminated on 15 daysâ€™ written notice afterdefault by the other party if said default is not cured within 30 days of receipt of notice by the defaulting party. In addition, Cornerstonemay terminate the agreement on 15 daysâ€™ written notice to the license holder. Royalties are due based on Gross Sales, as defined,for products sold relating to patented and unpatented technology, and shall terminate on the 15th anniversary of the firstcommercial sale of the product in the corresponding country or territory. Sublicense payments are due in connection with any sublicensefees received relating to patented and non-patented products related to the patented technology and proprietary know-how, as providedin the agreement. As of OctoberÂ 31, 2024, there were no products being marketed which are covered by the patents under the licenseagreement. There were no additional annual license maintenance fees required beyond 2010.Â 41 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â As part of a royalty agreement, Cornerstone isobligated to pay royalties, based upon percentage (low single digit) of net sales, to Altira Capital and Consulting LLC (â€œAltiraâ€),a consolidated subsidiary of the Company. The royalty obligations remain in effect, on a country-by-country basis, until the last toexpire patent claims associated with such products and services expire or are no longer in force. No payments have been made in connectionwith a royalty pool. As of OctoberÂ 31, 2024, the last to expire patent claim is to remain in force until fiscal

2034.Â NOTE 23 â€“ EQUITYÂ Share Repurchase Program Â Effective April 14, 2023, the Companyâ€™sBoard of Directors approved a share repurchase program (the â€œ2023 Share Repurchase Programâ€) authorizing the repurchase ofup to $5 million of the Companyâ€™s Class B common stock. Under the 2023 Share Repurchase Program, the Company was authorized to purchase,at purchase prices up to $1.75 per share, shares of its Class B common stock from time to time until June 16, 2023 (the â€œPlan TerminationDateâ€). In July 2023, the 2023 Share Repurchase Program was amended to extend the Plan Termination Date to July 1, 2024. On December22, 2023, the Company suspended the share repurchase program through the Plan Termination Date.Â The Company repurchased 101,487 of its Class Bcommon stock for a total cost of $168 thousand under the 2023 Share Repurchase Program.Â Class A Common Stock and Class B Common StockÂ The rights of holders of Class A common stockand Class B common stock are identical except for certain voting and conversion rights and restrictions on transferability. The holdersof Class A common stock and Class B common stock receive identical dividends per share when and if declared by the Companyâ€™s Boardof Directors. In addition, the holders of Class A common stock and Class B common stock have identical and equal priority rights per sharein liquidation. The Class A common stock and Class B common stock do not have any other contractual participation rights. The holdersof Class A common stock are entitled to three votes per share and the holders of Class B common stock are entitled to one-tenth of a voteper share. Each share of Class A common stock may be converted into one share of Class B common stock, at any time, at the option of theholder. Shares of Class A common stock are subject to certain limitations on transferability that do not apply to shares of Class B commonstock.Â On May 27, 2021, the Company filed a RegistrationStatement on Form S-3, whereby the Company may sell up to $250 million of Class B common stock. This Registration Statement was declaredeffective on June 7, 2021.Â On June 1, 2021, the Company filed a RegistrationStatement on Form S-3 to issue 48,859 shares of Class B common stock for payment due on the purchase of Altira, an investment which hasbeen subsequently fully impaired.Â On August 19, 2021, the Company entered into aSecurities Purchase Agreement (the â€œInstitutional Purchase Agreementâ€) with certain third-party institutional investors (theâ€œInstitutional Investorsâ€) and a Securities Purchase Agreement with I9Plus, LLC, (the â€œJonas Purchase Agreementâ€),an entity affiliated with Howard S. Jonas, the Chairman of the Board of Directors of the Company. On August 24, 2021, the Company issued2,833,425 shares of Class B common stock (the â€œInstitutional Sharesâ€), par value $0.01 per share, to the Institutional Investors,at a purchase price equal to $35.00 per share, for aggregate gross proceeds of approximately $99.2 million, before deducting placementagent fees and other offering expenses. Additionally, pursuant to the Jonas Purchase Agreement, the Company issued 112,501 shares of ClassB common stock to I9Plus, LLC, at a purchase price equal to $44.42 per share, which was equal to the closing price of a share of the ClassB common stock on the New York Stock Exchange on August 19, 2021 (the â€œJonas Offeringâ€). The Jonas Offering resulted in additionalaggregate gross proceeds of approximately $5.0 million. The total net proceeds from the issuance of shares were $98.0 million after deductingtransaction costs of $6.2 million.Â On August 19, 2021, in connection with the InstitutionalPurchase Agreement, the Company entered into a Registration Rights Agreement with the Institutional Investors whereby the Company agreedto prepare and file a registration statement with the SEC within 30 days after the earlier of (i) the date of the closing of the MergerAgreement, and (ii) the date the Merger Agreement is terminated in accordance with its terms, for purposes of registering the resale ofthe Institutional Shares and any shares of Class B common stock issued as a dividend or other distribution with respect to the InstitutionalShares.Â 42 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â On February 15, 2022, the Company filed a RegistrationStatement on Form S-3 (as amended on March 2, 2022) registering the resale by the Institutional Investors of the shares purchased by them.The Registration Statement was declared effective on March 7, 2022.Â In March 2018, the Company established its 2018Equity Incentive Plan. On January 19, 2022, the Companyâ€™s stockholders approved the 2021 Equity Incentive Plan (the â€œ2021 Planâ€).The 2018 Equity Incentive Plan was suspended and replaced by the 2021 Plan and, following January 19, 2022, no new grants are to be awardedunder the 2018 Equity Incentive Plan. Existing grants under the 2018 Equity Incentive Plan will not be impacted by the adoption of the2021 Plan. Any of the Companyâ€™s employees, directors, consultants, and other service providers, and those of the Companyâ€™saffiliates, are eligible to participate in the 2021 Plan. In accordance with applicable tax rules, only employees (and the employees ofparent or subsidiary corporations) are eligible to be granted incentive stock options. The 2021 Plan authorizes stock options (both incentivestock options or non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, and cash or otherstock-based awards. On January 19, 2022, the Company filed a Registration Statement on Form S-8 registering 1,919,025 shares of ClassB common stock reserved for issuance under the 2021 Plan. On November 28, 2022, the Companyâ€™s Board of Directors approved an amendmentto the 2021 Plan that, among other things, increases the number of shares of the Companyâ€™s Class B common stock available for thegrant of awards thereunder by an additional 696,770, which the stockholders approved on January 23, 2023. The maximum number of sharesof Class B common stock that may be issued under the 2021 Plan is 2,615,795 shares. As of OctoberÂ 31, 2024, there were 194,111 sharesstill available for issuance under the 2021 Plan.Â On July 6, 2022, pursuant to the I9 SPA datedJune 22, 2022 with I9 Plus, LLC, an entity affiliated with members of the family of Howard Jonas, the Company sold 3,225,806 shares ofthe Companyâ€™s Class B common stock to I9 Plus, LLC at a price per share of $1.86 and an aggregate sale price of $6 million.Â Employment AgreementÂ On June 13, 2022, the Company entered into anemployment agreement with Howard S. Jonas (who serves as the Chairman of the Board and Executive Chairman of the Company) (the â€œEmploymentAgreementâ€), which provides, among other things: (i) a term of five years (subject to extension unless either party elects not torenew); (ii) an annual base salary of $260,000, of which $250,000 is payable through the issuance of restricted shares of the Companyâ€™sClass B common stock with the value of the shares based upon the volume weighted closing price of the Class B Stock on the NYSE on thethirty days ending with the NYSE trading day immediately preceding the issuance to be issued within thirty days of the date of the EmploymentAgreement (the â€œStart Dateâ€) and each annual anniversary, and such shares vesting, contingent on Mr. Jonasâ€™ remainingin continuous service to the Company, in substantially equal amounts on the three, six, nine and twelve month anniversaries of the StartDate or annual anniversary; and (iii) a grant of restricted shares of Class B common stock with a value of $600,000, issuable within 30days with the value of the shares based upon the volume weighted closing price of the Class B common stock on the NYSE on the 30 daysending with the NYSE trading day immediately preceding the issuance and such shares, and vesting, contingent on Mr. Jonas remaining incontinuous service to the Company, in substantially equal amounts on the first and second annual anniversaries of the Start Date. On June19, 2024, the Employment Agreement was amended to provide an annual base salary of $294,000, of which $250,000 is payable through theissuance of Class B common stock in accordance with the terms defined above.Â Stock Options Â A summary of stock option activity for the Companyis as follows:Â Â Â Number of OptionsÂ Â Weighted

Average Exercise PriceÂ Â Weighted Average Remaining Contractual TermÂ (inÂ years)Â Â Aggregate Intrinsic Value (in thousands)Â Outstanding at July 31, 2024Â Â 638,409Â Â $9.55Â Â Â 8.39Â Â $â€”Â GrantedÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Cancelled / ForfeitedÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Outstanding at October 31, 2024Â Â 638,409Â Â $9.55Â Â Â 8.14Â Â $â€”Â Exercisable at October 31, 2024Â Â 114,602Â Â $13.13Â Â Â 7.35Â Â $â€”Â Â At OctoberÂ 31, 2024, there were unrecognizedcompensation costs related to non-vested stock options of $1.2 million, which are expected to be recognized over the next 1.9 years fromOctoberÂ 31, 2024.Â 43 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â Rafael Medical Devices Stock Options Â The Rafael Medical Devices 2022 Equity IncentivePlan (the â€œRMD 2022 Planâ€) was created and adopted by the Company in May 2022. The RMD 2022 Plan allows for the issuance ofup to 10,000 shares of Class B common stock which may be awarded in the form of incentive stock options or restricted shares.Â In connection with the conversion of Rafael MedicalDevices from a Delaware corporation to a Delaware limited liability company, Rafael Medical Devices adopted the Rafael Medical Devices,LLC 2023 Equity Incentive Plan (the â€œRMD 2023 Planâ€) in August 2023. The RMD 2023 Plan allows for issuance of up to 46,125Class A Units (the â€œUnitsâ€). There were 16,872 Units available for issuance under the RMD 2023 Plan as of OctoberÂ 31,2024.Â Rafael Medical Devices, LLC records compensationexpense for stock-based awards based upon an assessment of the grant date fair value for options using the Black-Scholes model. The expectedterm was determined according to the simplified method, which is the average of the vesting tranche dates and the contractual term. Dueto the lack of company specific historical and implied volatility data, the estimate of expected volatility is primarily based on thehistorical volatility of a group of similar companies that are publicly traded. For these analyses, characteristics from comparable companiesare selected, including enterprise value and position within the industry, and with historical share price information sufficient to meetthe expected life of the share-based awards. The risk-free interest rate is determined by reference to the U.S. Treasury Constant MaturityTreasury rates with remaining maturities similar to the expected term of the options. Expected dividend yield is zero as Rafael MedicalDevices, LLC has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future.Â A summary of option activity for Rafael MedicalDevices, LLC is as follows:Â Â Â Number of OptionsÂ Â Weighted Average Exercise PriceÂ Â Weighted Average Remaining Contractual TermÂ (inÂ years)Â Â Aggregate Intrinsic Value (in thousands)Â Outstanding at July 31, 2024Â Â 43,878Â Â $10.00Â Â Â 9.01Â Â $â€”Â GrantedÂ Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Cancelled / ForfeitedÂ Â (14,625)Â Â 10.00Â Â Â â€”Â Â Â â€”Â Outstanding at October 31, 2024Â Â 29,253Â Â $10.00Â Â Â 8.76Â Â $â€”Â Exercisable at October 31, 2024Â Â 16,228Â Â $10.00Â Â Â 8.76Â Â $â€”Â Â At OctoberÂ 31, 2024, the total unrecognizedcompensation related to stock option awards granted was $134 thousand, which the Company expects to recognize over a weighted averageperiod of approximately 2.8 years.Â Cornerstone Stock OptionsÂ Cornerstone has outstanding stock options andnon-qualified options to purchase Cornerstoneâ€™s common stock which were granted under Cornerstoneâ€™s 2009 and 2018 Stock Incentive Plans(the â€œPlansâ€), as well as additional options issued during a prior capital raise.Â At OctoberÂ 31, 2024, there were 1,004,341options outstanding granted under the Plans that are vested with a weighted average exercise price of $24.17 per share and a weightedaverage remaining contractual term of 4.4 years. The fair value of outstanding options granted under the Plans assumed during the CornerstoneAcquisition were determined to be de minimis.Â In connection with Cornerstoneâ€™s 2003 commonstock offerings, Cornerstone entered into an option agreement with an individual in connection with identifying investors. The optionagreement grants the right to purchase an option (a â€œPurchase Optionâ€) to purchase 472,000 Class A Options (â€œClass AOptionsâ€), which allows the purchase of 0.25 shares of common stock for each Class A Option at $11.00 per share. In order to securethis Class A Option, a Purchase Option must initially be purchased for $.005 per potential share of Class A options. Upon exercise ofeach Class A Option, a right is granted to one Class B Option (â€œClass B Optionsâ€), which allow the purchase of 0.25 sharesof common stock for each Class B Option at $12.50 per share. The expiration date of the Class A Options is the later of October 29, 2005or six months from the date the Companyâ€™s shares become publicly traded. The Class B Options expire 180 days from the exercise ofthe Class A Options. In 2003, 625,000 options (the â€œCornerstone Common Optionsâ€) were granted with an exercise price of $11.00per share to a 2003 investor. These Cornerstone Common Options are set to expire 180 days following the closing of an IPO, or from thedate Cornerstoneâ€™s shares become publicly traded. The fair value of the Class A Options, Class B Options, and Cornerstone CommonOptions assumed during the Cornerstone Acquisition were determined to be de minimis.Â 44 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â As part of the Cornerstone Restructuring, as detailedin Note 3, Cornerstone increased the available reserve of Cornerstone Common Stock for grant to employees, consultants and other serviceproviders to approximately 10% of Cornerstoneâ€™s capital stock following the Cornerstone Restructuring, the Mandatory Common Conversionand the Reverse Stock Split (the â€œReserve Increaseâ€) but prior to the issuance of the RPF 6% Top Up Shares or any shares tothe holders of the Remaining Series C Convertible Notes after the Closing.Â Restricted StockÂ The fair value of restricted shares of the Companyâ€™sClass B common stock is determined based on the closing price of the Companyâ€™s Class B common stock on the grant date. Share awardsgenerally vest on a graded basis over three years of service.Â In January 2022, the Company granted 33,360 restrictedshares of Class B common stock to non-employee directors, 18,336 of which were granted under the 2018 Equity Incentive Plan, and 15,024of which were granted under the 2021 Plan. The restricted shares vested immediately on the grant date. The share-based compensation costwas approximately $151 thousand, which was included in general and administrative expense in the consolidated statements of operationsand comprehensive loss.Â On February 1, 2022, the Company issued 986,835shares of Class B restricted stock to two executive officers. Approximately 24% of the restricted shares vested in December 2022, withthe remaining shares vesting ratably each quarter through December 2025.Â On June 14, 2022, the Company issued 452,130 sharesof Class B restricted stock to Howard S. Jonas.Â In January 2023, the Company issued 120,019 sharesof Class B restricted stock to certain members of its Board of Directors, and 100,000 shares of Class B restricted stock to its ChiefFinancial Officer.Â During January 2023, 296,759 shares of Class Brestricted stock were cancelled or forfeited due to (i) the cancellation of 285,036 shares of restricted stock in connection with thedeparture of the Companyâ€™s former Chief Financial Officer and (ii) the remaining shares forfeited upon the termination of certain employeesof the Company.Â In connection with Patrick Fabbioâ€™s January27, 2023 departure as the Companyâ€™s Chief Financial Officer, the Company and Mr. Fabbio entered into a Separation and General ReleaseAgreement (the â€œSeparation Agreementâ€), which provides, among other things, that the Company shall pay Mr. Fabbio severancein the amount of $307,913, which is included in general and administrative expense on the consolidated statement of operations and comprehensiveloss for the year ended July 31, 2023.Â In connection with the termination of Mr. Fabbioâ€™sposition as Chief Financial Officer of the Company, there was a material forfeiture of his

Class B restricted shares and stock optionsresulting in a reversal of approximately $915 thousand in stock-based compensation expense for the year ended July 31, 2023 that was previouslyrecorded to selling, general and administrative expense.Â On August 28, 2023, the Company issued 111,408shares of Class B restricted stock to Howard S. Jonas.Â On October 25, 2023, the Company issued 135,000shares of Class B restricted stock to employees of the Company.Â On January 5, 2024, the Company issued 101,402shares of Class B restricted stock to certain members of its Board of Directors.Â On June 13, 2024, the Company issued 159,016 sharesof Class B restricted stock to Howard S. Jonas.Â 45 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â A summary of the status of the Companyâ€™sgrants of restricted shares of Class B common stock is presented below:Â Â Â Number of Non-vested SharesÂ Â Weighted Average Grant Date Fair ValueÂ Outstanding at July 31, 2024Â Â 608,540Â Â $2.99Â GrantedÂ Â â€”Â Â Â â€”Â Cancelled / ForfeitedÂ Â (7,500)Â Â 7.40Â VestedÂ Â (122,487)Â Â 2.58Â Non-vested shares at October 31, 2024Â Â 478,553Â Â $3.02Â Â At OctoberÂ 31, 2024, there was $0.6 millionof total unrecognized compensation cost related to non-vested stock-based compensation arrangements, which is expected to be recognizedover the next four years.Â A summary of the stock-based compensation expensefor the Companyâ€™s equity incentive plans is presented below (in thousands):Â Â Â For the Three Months Ended October 31,Â Â Â 2024Â Â 2023Â General and administrativeÂ $320Â Â $508Â Research and developmentÂ Â 39Â Â Â 141Â Total stock-based compensation expenseÂ $359Â Â $649Â Â Securities Purchase AgreementÂ On December 7, 2020, Rafael Holdings entered intoa Securities Purchase Agreement (the â€œSPAâ€) for the sale of 567,437 shares of the Companyâ€™s Class B common stock ata price per share of $22.91 (which was the closing price for the Class B common stock on the New York Stock Exchange on December 4, 2020,the trading day immediately preceding the date of the SPA) for an aggregate purchase price of $13 million.Â Approximately $8.2 million of the proceeds receivedpursuant to the SPA were used by the Company to exercise an additional portion of a warrant in order to maintain the Companyâ€™s relativeposition in Cornerstone in light of issuances of Cornerstone equity securities to third-party shareholders of Cornerstone, due to warrantexercises by these shareholders. Under the SPA, two entities, on whose Boards of Directors Howard Jonas (the Registrantâ€™s Chairmanof the Board and former Chief Executive Officer) serves, each purchased 218,245 shares of Class B common stock for consideration of $5million each. The shares and warrants were issued in reliance on the exemption from registration provided for under Section 4(a)(2) ofthe Securities Act of 1933, as amended.Â Equity-classified WarrantsÂ In connection with the SPA entered into on December7, 2020, each purchaser was granted warrants to purchase twenty percent (20%) of the shares of Class B common stock purchased by suchpurchaser. The Company issued warrants to purchase 113,487 shares of Class B common stock to the purchasers. The warrants are exercisableat a per share exercise price of $22.91, and are exercisable at any time on or after December 7, 2020 through June 6, 2022. The Companydetermined that these warrants are equity-classified.Â On June 6, 2022, the Companyâ€™s outstanding warrantsto purchase 26,189 shares of common stock at an exercise price of $22.91 per share expired. As of October 31, 2024, the Company had nooutstanding warrants.Â NOTE 24 â€“ LEASESÂ The Company is the lessor of the Israeli propertywhich is leased to tenants under net operating leases expiring in 2025 and 2027. Lease income included on the consolidated statementsof operations and comprehensive loss was $77 thousand and $68 thousand for the three months ended October 31, 2024 and 2023, respectively.During the three months ended October 31, 2024 and 2023, no real estate property taxes were included in rental income.Â 46 Â Â RAFAEL HOLDINGS,INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)Â The future contractual minimum lease paymentsto be received (excluding operating expense reimbursements) by the Company as of OctoberÂ 31, 2024, under a non-cancellable operatinglease are as follows:Â Years Ending July 31,Â Related PartiesÂ Â OtherÂ Â TotalÂ Â Â (in thousands)Â 2025Â $59Â Â $130Â Â $189Â 2026Â Â â€”Â Â Â 181Â Â Â 181Â 2027Â Â â€”Â Â Â 188Â Â Â 188Â ThereafterÂ Â â€”Â Â Â 31Â Â Â 31Â Total Minimum Future Rental IncomeÂ $59Â Â $530Â Â $589Â Â A related party has the right to terminate theIsraeli lease upon four monthsâ€™ notice.Â NOTE 25 â€“ SUBSEQUENT EVENTS Â On November 7, 2024, the Company entered intoa Fifth Amended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory notein the principal amount of $2 million (the â€œCyclo Convertible Note VIâ€) for $2 million in cash. The Cyclo Convertible NoteVI matures on December 21, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of the CycloConvertible Note VI is convertible into shares of Cyclo common stock at the option of the Company (provided, however, that Rafael maynot elect to convert the convertible note (or prior convertible notes) issued by Cyclo in connection with previous loans if, followingsuch conversion, the Company will beneficially own more than 49.9% of Cyclo common stock); and automatically on certain other events.Â On December 5, 2024, the Company entered intoa Sixth Amended and Restated Note Purchase Agreement with Cyclo, pursuant to which Cyclo issued and sold a convertible promissory notein the principal amount of $1 million (the â€œCyclo Convertible Note VIIâ€) for $1 million in cash. The Cyclo Convertible NoteVII matures on December 21, 2024 and bears interest at a rate of 5% per annum, payable upon maturity. The principal amount of the CycloConvertible Note VII is convertible into shares of Cyclo common stock at the option of the Company (provided, however, that Rafael maynot elect to convert the convertible note (or prior convertible notes) issued by Cyclo in connection with previous loans if, followingsuch conversion, the Company will beneficially own more than 49.9% of Cyclo common stock); and automatically on certain other events.Â On November 19, 2024, the Company sold its investmentsin available-for-sale securities and cash equivalents for cash proceeds totaling $52.9 million. The sale resulted in a net loss of approximately$16 thousand, which will be recognized in the consolidated financial statements during the period ended January 31, 2025. The transactionwas executed to reallocate assets to better align with the Companyâ€™s strategic goals.Â 47 Â Â Item 2. Managementâ€™s Discussion and Analysisof Financial Condition and Results of OperationsÂ This Quarterly Report contains forward-lookingstatements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, includingstatements that contain the words â€œbelieves,â€ â€œanticipates,â€ â€œexpects,â€ â€œplans,â€ â€œintendsâ€and similar words and phrases. These forward-looking statements are subject to risks and uncertainties that could cause actual resultsto differ materially from the results projected in any forward-looking statement. In addition to the factors specifically noted in theforward-looking statements, other important factors, risks and uncertainties that could result in those differences include, but are notlimited to, those discussed under Item 1A to Part I â€œRisk Factorsâ€ in the 2024 Form 10-K. The forward-looking statements aremade as of the date of this Quarterly Report, and we assume no obligation to update the forward-looking statements, or to update the reasonswhy actual results could differ from those projected in the forward-looking statements. Investors should consult all of the informationset forth in this report and the other information set forth from time to time in our reports filed with the Securities and Exchange Commissionpursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, including our reports on Forms 10-Q and 8-K.Â The following discussion should be read in conjunctionwith the Consolidated Financial Statements and Notes thereto included in Item 1 of this Quarterly Report.Â OverviewÂ Rafael Holdings, Inc. (â€œRafael Holdingsâ€,â€œRafaelâ€, â€œweâ€ or the â€œCompanyâ€) is a holding company with interests in clinical and early-stage pharmaceuticalcompanies, including an investment in (and planned Merger with) Cyclo Therapeutics Inc. (Nasdaq:CYTH), (â€œCyclo Therapeuticsâ€ or â€œCycloâ€), a clinical stage biotechnology company dedicated to developing TrappsolÂ®Cycloâ„¢, which is being evaluated in clinical trials for the potential treatment of Niemann-Pick Disease Type C1 (â€œNPC1â€),a rare, fatal and progressive genetic disorder, a majority equity interest in LipoMedix Pharmaceuticals Ltd. (â€œLipoMedixâ€),a clinical stage pharmaceutical company, Barer Institute Inc. (â€œBarerâ€), a wholly-owned preclinical cancer metabolism researchoperation, and a majority interest in Cornerstone Pharmaceuticals, Inc. (â€œCornerstoneâ€), formerly known as Rafael PharmaceuticalsInc., a cancer metabolism-based therapeutics company. We also hold a majority interest in Rafael Medical Devices, LLC (â€œRafael MedicalDevicesâ€), an orthopedic-focused medical device company developing instruments to advance minimally invasive surgeries, and a majorityinterest in Day Three Labs, Inc. (â€œDay Threeâ€), a company which empowers third-party manufacturers to reimagine their existingcannabis offerings enabling them to bring to market better, cleaner, more precise and predictable versions by utilizing Day Threeâ€™spharmaceutical-grade technology and innovation like Unloktâ„¢. In November 2022, the Company resolved to curtail its early-stage developmentefforts, including pre-clinical research at Barer. The decision was taken to reduce spending as the Company focuses on exploring strategicopportunities. Since then, the Company has sought partners for programs at Farber (as defined below) and has entered into a license agreementfor one of its technologies that is in pre-clinical research stage. The Companyâ€™s primary focus, to date, has been to expand ourinvestment portfolio through opportunistic and strategic investments including therapeutics, which address high unmet medical needs. Uponclosing of the planned Merger with Cyclo, the Company intends to focus its efforts on making TrappsolÂ® Cycloâ„¢ its lead clinicalprogram. In anticipation of that change in strategic focus, the Company is currently evaluating its operating entities (or portfolio ofassets) to ensure the future focus of its resources on core assets and specifically the TrappsolÂ® Cycloâ„¢ clinicaland development efforts.Â Historically,the Company owned real estate assets. As of OctoberÂ 31, 2024, the Company holds a portionof a commercial building in Jerusalem, Israel as its remaining owned real estate asset.Â In May 2023,the Company first invested in Cyclo Therapeutics. Cyclo is a clinical-stage biotechnology company that develops cyclodextrin-based productsfor the potential treatment of neurodegenerative diseases. Cycloâ€™s lead drug candidate is TrappsolÂ® Cycloâ„¢ (hydroxypropylbeta cyclodextrin), a treatment for NPC1. NPC1 is a rare and fatal autosomal recessive genetic disease resulting in disrupted cholesterolmetabolism that impacts the brain, lungs, liver, spleen, and other organs. In January 2017 the FDA granted Fast Track designation to TrappsolÂ®Cycloâ„¢ for the treatment of NPC1. Initial patient enrollment in the U.S. Phase I study commenced in September 2017, and in May 2020Cyclo announced Top Line data showing TrappsolÂ® Cycloâ„¢ was well tolerated in this study. Cyclo is currently conducting a Phase3 Clinical Trial evaluating TrappsolÂ® Cycloâ„¢ in Pediatric and AdultPatients with Niemann-Pick Disease, Type C1.â€¯See Notes 11â€¯and 12 to the Consolidated Financial Statements for more informationon the Companyâ€™s investments in Cyclo. Â As discussed in more detail in Note 11 to theconsolidated financial statements, on August 21, 2024, the Company entered into a Merger Agreement with Cyclo. In the event the Mergeris consummated, the Company intends to fund the TransportNPC phase III clinical trial, evaluating TrappsolÂ® Cycloâ„¢ in NiemannPick C, to its interim analysis in the middle of 2025 and focus its efforts on TrappsolÂ® Cycloâ„¢ as its lead clinicalprogram. At that point, the Company will make a determination as to whether or not to file an NDA for TrappsolÂ® Cycloâ„¢.Â 48 Â Â LipoMedixis a clinical stage Israeli company focused on the development of a product candidate that holds the potential to be an innovative, safe,and effective cancer therapy based on liposome delivery. As of July 31, 2024, the Companyâ€™s ownership interest in LipoMedix wasapproximately 95%. LipoMedix has completed various clinical stages of PromitilÂ® includingPhase 1A (solid tumors) and 1B (as single agent and in combination with capecitabine and/or bevacizumab in colorectal cancer). Anotherphase 1B testing PromitilÂ® as radiosensitizer is ongoing and near completion. A total of 149 patients have been treated with PromitilÂ®as a single agent, or in combination with other anticancer drugs or radiotherapy, under the framework of a Phase 1A and two 1B clinicalstudies and under named patient approval for compassionate use.Â In 2019,the Company established Barer, a preclinical cancer metabolism research operation, to focus on developing a pipeline of novel therapeuticcompounds, including compounds designed to regulate cancer metabolism with potentially broader application in other indications beyondcancer. Barer was comprised of scientists and academic advisors that are experts in cancer metabolism, chemistry, and drug development.In addition to its own internal discovery efforts, Barer pursued collaborative research agreements and in-licensing opportunities withleading scientists from top academic institutions. Barerâ€™s majority owned subsidiary, Farber Partners, LLC (â€œFarberâ€),was formed around one such agreement with Princeton Universityâ€™s Office of Technology Licensing (â€œPrincetonâ€) for technologyfrom the laboratory of Professor Joshua Rabinowitz, in the Department of Chemistry, Princeton University, for an exclusive worldwide licenseto its SHMT (serine hydroxymethyltransferase) inhibitor program. In November 2022, the Company resolvedto curtail its early-stage development efforts, including pre-clinical research at Barer Institute. Since then, the Company hassought partners for Farber programs and has entered into a license agreement for one of its technologies that is in pre-clinical researchstage.Â The Company owns a 37.5% equity interest in RPFinance LLC (â€œRP Financeâ€), which was, until March 13, 2024 (the date of the RP Finance Consolidation, as described in Note3 to the Consolidated Financial Statements), accounted for under the equity method. RP Finance is an entity associated with members ofthe family of Howard Jonas (Executive Chairman, Chairman of the Board, and controlling stockholder of the Company) which holds 37.5% equityinterest of RP Finance. RP Finance holds debt and equity investments in Cornerstone. In October 2021, Cornerstone received negative resultsof its Avenger 500 Phase 3 study for Devimistat in pancreatic cancer as well as a recommendation to stop its ARMADA 2000 Phase 3 studydue to a determination that the trial would unlikely achieve its primary endpoint (the â€œData Eventsâ€). Due to the Data Events,RP Finance fully impaired its then debt and equity investments in Cornerstone.Â On March 13, 2024, Cornerstone consummated a restructuringof its outstanding debt and equity interests (the â€œCornerstone Restructuringâ€). As a result of the Cornerstone Restructuring,Rafael became a 67% owner of the issued and outstanding common stock of Cornerstone (the â€œCornerstone Acquisitionâ€), and Cornerstonebecame a consolidated subsidiary of Rafael. The Cornerstone Acquisition is accounted for as an acquisition of a variable interest entitythat is not a business in accordance with U.S. GAAP. The Company was determined to be the accounting acquirer for financial reportingpurposes. See Note 3 to the Consolidated Financial Statements for additional information regarding the transaction. In conjunction withthe Cornerstone Restructuring and Cornerstone Acquisition, the Company reassessed its relationship with RP Finance, and as a result determinedthat RP Finance is still a variable interest entity and that the Company became the primary beneficiary of RP Finance as the Company nowholds the ability to control repayment of the RP Finance Line of Credit which directly impacts RP Financeâ€™s economic performance.Therefore, following the Cornerstone Restructuring and Cornerstone Acquisition, the Company consolidated RP Finance (the â€œRP FinanceConsolidationâ€). See Note 3 to the Consolidated Financial Statements foradditional information on the Consolidation. The Company is currently reviewing Cornerstoneâ€™s current efforts, prospects and availableresources to determine the optimal operational direction.Â In May 2021, the Company formed Rafael MedicalDevices, an orthopedic-focused medical device company developing instruments to advance minimally invasive surgeries. In August 2023,the Company raised $925,000â€¯from third parties in exchange forâ€¯31.6% ownership of Rafael Medical Devices.Â In April 2023, the Company first invested in DayThree, a company which empowers third-party manufacturers to reimagine their existing cannabis offerings enabling them to bring to marketbetter, cleaner, more precise and predictable versions by utilizing Day Threeâ€™s pharmaceutical-grade technology and innovation likeUnloktâ„¢. In January 2024, the Company entered into a series of transactions with Day Three and certain shareholders, acquiring acontrolling interest of Day Three and subsequently consolidating Day Threeâ€™s results (the â€œDay Three Acquisitionâ€). The Companyis evaluating the prospects for Day Threeâ€™s technology and offerings.Â Results of OperationsÂ Our business consists of three reportable segments- Healthcare, Infusion Technology, and Real Estate. We evaluate the performance of our Healthcare segment based primarily on researchand development efforts and results of clinical trials, and our Infusion Technology and Real Estate segments based primarily on resultsof operations. Accordingly, the income and expense line items below loss from operations are only included in the discussion of consolidatedresults of operations.Â 49 Â Â Healthcare SegmentÂ Our consolidated expenses for our Healthcare segmentwere as follows:Â Â Â Â Three Months Ended October 31,Â Â ChangeÂ Â Â 2024Â Â 2023Â Â $Â Â %Â Â Â (in thousands)Â Â Â Â Â Â Â General and administrativeÂ $(2,290)Â $(2,008)Â $(282)Â Â (14)% Research and developmentÂ Â (1,161)Â Â (489)Â Â (672)Â Â (137)% Depreciation and amortizationÂ Â (71)Â Â (3)Â Â (68)Â Â (2267)% Loss from operationsÂ $(3,522)Â $(2,500)Â $(1,022)Â Â (41)% Â To date, the Healthcare segment has not generatedany revenues. The entirety of the expenses in the Healthcare segment relate to the activities of Barer, LipoMedix, Farber, Cornerstone,and Rafael Medical Devices. As of OctoberÂ 31, 2024, we held a 100% interest in Barer, a 95% interest in LipoMedix, a 93% interestin Farber, a 67% interest in Cornerstone, and a 68% interest in Rafael Medical Devices.Â General and administrative expenses. Generaland administrative expenses consist mainly of payroll, stock-based compensation expense, benefits, facilities, consulting and professionalfees. The increase in general and administrative expenses during the three months ended October 31, 2024 compared to the three monthsended October 31, 2023 is comprised of an increase in insurance expense of approximately $0.1 million, and an increase in payroll expensesof approximately $0.2 million related to the inclusion of Cornerstone, an increase in professional fees of approximately $0.3 millionrelated to the Cyclo Merger, partially offset by a decrease in stock-based compensation expense of $0.2 million and a decrease in legalfees of $0.1 million.Â Research and development expenses. Researchand development expenses increased for the three months ended October 31, 2024 as compared to the three months ended October 31, 2023.Research and development expenses are derived from activity at Barer, LipoMedix, Farber, Cornerstone, and Rafael Medical Devices. Theincrease for the three months ended October 31, 2024 stems primarily from the inclusion of expenses of Cornerstone following its acquisitionin March 2024 (See Note 3) as well as ongoing clinical trials including the clinical trial being conducted by LipoMedix.Â Infusion TechnologyÂ Â Â Three Months Ended October 31,Â Â ChangeÂ Â Â 2024Â Â 2023Â Â $Â Â %Â Â Â (in thousands)Â Infusion Technology revenueÂ $51Â Â $â€”Â Â $51Â Â Â 100% Cost of Infusion Technology revenueÂ Â (37)Â Â â€”Â Â Â (37)Â Â (100)% General and administrativeÂ Â (112)Â Â â€”Â Â Â (112)Â Â (100)% Research and developmentÂ Â (165)Â Â â€”Â Â Â (165)Â Â (100)% Loss from operationsÂ $(263)Â $â€”Â Â $(263)Â Â (100)% Â The Infusion Technology segment is comprised ofa majority equity interest in Day Three which was acquired in January 2024. Revenues associated with the Infusion Technology segment includeinfusion technology revenue derived from Day Threeâ€™s Unlokt technology. Cost of Infusion Technology revenue includes supplies, materials,production labor, and travel costs. General and administrative expenses for the Infusion Technologysegment consist mainly of payroll, insurance, software, and licenses. Research and development expenses for the Infusion Technology segmentinclude costs related to the development of new products and services.Â 50 Â Â Real Estate SegmentÂ The Real Estate segment consists of a portionof a commercial building in Israel. Consolidated revenue, expenses and (loss) income for our Real Estate segment were as follows:Â Â Â Three Months Ended October 31,Â Â ChangeÂ Â Â 2024Â Â 2023Â Â $Â Â %Â Â Â (in thousands)Â Rental â€“ Third PartyÂ $50Â Â $41Â Â $9Â Â Â 22% Rental â€“ Related PartyÂ Â 27Â Â Â 27Â Â Â â€”Â Â Â â€”% General and administrativeÂ Â (121)Â Â (32)Â Â (89)Â Â (278)% Depreciation and amortizationÂ Â (15)Â Â (14)Â Â (1)Â Â (7)% (Loss) Income from operationsÂ $(59)Â $22Â Â $(81)Â Â (368)% Â Consolidated OperationsÂ Our consolidated income and expense line itemsbelow loss from operations were as follows:Â Â Â Three Months Ended October 31,Â Â ChangeÂ Â Â 2024Â Â 2023Â Â $Â Â %Â Â Â (in thousands)Â Loss from operationsÂ $(3,844)Â $(2,478)Â $(1,366)Â Â (55)% Interest incomeÂ Â 568Â Â Â 582Â Â Â (14)Â Â (2)% Realized gain on available-for-sale securitiesÂ Â 194Â Â Â 177Â Â Â 17Â Â Â 10% Realized loss on investment in equity securitiesÂ Â â€”Â Â Â (46)Â Â 46Â Â Â (100)% Realized gain on investment - CycloÂ Â â€”Â Â Â 424Â Â Â (424)Â Â (100)% Unrealized loss on investment - CycloÂ Â (4,365)Â Â (2,124)Â Â (2,241)Â Â 106% Unrealized loss on convertible notes receivable, due from CycloÂ Â (1,588)Â Â â€”Â Â Â (1,588)Â Â 100% Unrealized loss on investment - Hedge FundsÂ Â â€”Â Â Â (166)Â Â 166Â Â Â (100)% Interest expenseÂ Â (162)Â Â â€”Â Â Â (162)Â Â 100% Other incomeÂ Â (2)Â Â 93Â Â Â (95)Â Â (102)% Loss before income taxesÂ Â (9,199)Â Â (3,538)Â Â (5,661)Â Â (160)% Provision for income taxesÂ Â (12)Â Â (6)Â Â (6)Â Â (100)% Equity in loss of Day ThreeÂ Â â€”Â Â Â (216)Â Â 216Â Â Â (100)% Consolidated net lossÂ Â (9,211)Â Â (3,760)Â Â (5,451)Â Â (145)% Net loss attributable to noncontrolling interestsÂ Â (205)Â Â (122)Â Â (83)Â Â (68)% Net loss attributable to Rafael Holdings, Inc.Â $(9,006)Â $(3,638)Â $(5,368)Â Â (148)% Â Interest income andrealized gains on available-for-sale securities. Interest income was $0.6 million forboth the three months ended October 31, 2024 and 2023. Realized gains on available-for-sale securities was $0.2 million forboth the three months ended October 31, 2024 and 2023.Â Realized gain on investment - Cyclo. Werecorded a realized gain of $424 thousand related to the exercise of the May Warrants in connection with our October 2023 investment inCyclo for the three months ended October 31, 2023. No warrants were exercised during the three months ended October 31, 2024.Â Unrealized loss on investment - Cyclo. Werecorded an unrealized loss of $4.4 million and $2.1 million related to the change in fair value in our investment in Cyclo for the threemonths ended October 31, 2024 and 2023, respectively, attributed primarily to the decrease in the market price of Cycloâ€™s common stock.Â Unrealized loss on convertible notes receivable,due from Cyclo. We recorded an unrealized loss of $1.6 million for the three months ended October31, 2024 related to the change in fair value of our convertible notes receivable due from Cyclo which were not held during thethree months ended October 31, 2023.Â 51 Â Â Unrealized loss on investment - Hedge Funds.We recorded an unrealized loss of $0 and $166 thousand for the three months ended October 31, 2024 and 2023, respectively.Â Interest expense.Interest expense was $0.2 million for thethree months ended October 31, 2024 which is attributable to liabilities assumed in the Cornerstone Acquisition in March 2024.Â Equity in loss of Day Three. We recognizeda loss of $216 thousand from our ownership interest in Day Three due to operating results for the three months ended October 31, 2023.As of January 2, 2024, Day Three is a majority-owned subsidiary which is consolidated. See Note 10 to our accompanying consolidated financialstatements for further information regarding the acquisition.Â Net loss attributable to noncontrolling interests.The change in the net loss attributable to noncontrolling interests is primarily attributed to acquisition of Cornerstone and DayThree.Â Liquidity and Capital ResourcesÂ Â Â October 31,Â Â July 31,Â Â ChangeÂ Â Â 2024Â Â 2024Â Â $Â Â %Â Balance Sheet Data:Â (in thousands)Â Â Â Â Â Â Â Cash and cash equivalentsÂ $8,159Â Â $2,675Â Â $5,484Â Â Â 205% Convertible note receivable classified as available-for-saleÂ Â 1,161Â Â Â 1,146Â Â Â 15Â Â Â 1% Installment note payableÂ Â 1,700Â Â Â 1,700Â Â Â â€”Â Â Â â€”% Working capitalÂ Â 63,242Â Â Â 64,988Â Â Â (1,746)Â Â (3)% Total assetsÂ Â 87,835Â Â Â 96,832Â Â Â (8,997)Â Â (9)% Total equity attributable to Rafael Holdings, Inc.Â Â 73,516Â Â Â 82,185Â Â Â (8,669)Â Â (11)% Noncontrolling interestsÂ Â 3,868Â Â Â 4,073Â Â Â (205)Â Â 5% Total equityÂ Â 77,384Â Â Â 86,258Â Â Â (8,874)Â Â (10)% Â Â Â Three Months Ended October 31,Â Â ChangeÂ Â Â 2024Â Â 2023Â Â $Â Â %Â Cash flows (used in) provided by:Â (in thousands)Â Â Â Â Â Â Â Operating activitiesÂ $(3,042)Â $(2,133)Â $(909)Â Â (43)% Investing activitiesÂ Â 8,575Â Â Â (6,786)Â Â 15,361Â Â Â 226% Financing activitiesÂ Â (48)Â Â 807Â Â Â (855)Â Â 106% Effect of exchange rates on cash and cash equivalentsÂ Â (1)Â Â (189)Â Â 188Â Â Â 99% Increase in (decrease) in cash and cash equivalentsÂ $5,484Â Â $(8,301)Â Â 13,785Â Â Â (166)% Â Capital ResourcesÂ As of OctoberÂ 31, 2024, we held cash andcash equivalents of approximately $8.2 million and available-for-sale securities valued at approximately $46.1 million. The Company expectsits balance of cash and cash equivalents, and available-for-sale securities, to be sufficient to meet our obligations for at least thenext 12 months from the filing of this Quarterly Report on Form 10-Q.Â Operating ActivitiesÂ Cash used in operating activities increased by$0.9 million from cash used of $2.1 million for the three months ended October 31, 2023 to cash used of $3.0 million for the three monthsended October 31, 2024, due to the increase in the net loss partially offset by the impact from non-cash items and changes in assets andliabilities.Â 52 Â Â Investing ActivitiesÂ Cash provided by investing activities for thethree months ended October 31, 2024 was primarily due to proceeds of $33.3 million from sales and maturities of available-for-sale securities,partially offset by purchases of available-for-sale securities of approximately $15.7 million and the issuance of $9.0 million in convertiblenotes due from Cyclo.Â Cash used in investing activities for the threemonths ended October 31, 2023 was primarily due to purchases of available-for-sale securities of approximately $47.5 million, the purchaseof investment in Cyclo of $6.8 million, and the loan of $0.3 million to Day Three. This is partially offset by proceeds of $47.5 millionfrom the sale and maturities of available-for-sale securities and proceeds of $0.3 million from the sale of equity securities.Â Financing ActivitiesÂ Cash used in financing activities for the threemonths ended October 31, 2024 was related to a payment for taxes related to shares withheld for employee taxes of $50 thousand.Â Cash provided by financing activities for thethree months ended October 31, 2023 was primarily related to the proceeds from sale of RMD membership units of $0.9 million.Â We do not anticipate paying dividends on our commonstock until we achieve sustainable profitability and retain certain minimum cash reserves. The payment of dividends in any specific periodwill be at the sole discretion of our Board of Directors.Â Critical Accounting EstimatesÂ We have chosen accounting policies that we believeare appropriate to accurately and fairly report our operating results and financial condition in conformity with U.S. GAAP. We apply theseaccounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, â€œSummary of SignificantAccounting Policies,â€ in our accompanying consolidated financial statements.Â The application of critical accounting policiesrequires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and relateddisclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances.We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actualresults ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actualamounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparationof our consolidated financial statements, or are the most sensitive to change from outside factors, are discussed in the Critical AccountingEstimates section in Item 7 of the Annual Report on Form 10-K for fiscal 2024. There were no material changes during the three monthsended October 31, 2024 to the Critical Accounting Estimates previously disclosed.Â Off-Balance Sheet ArrangementsÂ We do not have any â€œoff-balance sheet arrangements,â€as defined in relevant SEC regulations, that are reasonably likely to have a current or future effect on our financial condition, resultsof operations, liquidity, capital expenditures or capital resources.Â 53 Â Â Item 3.Â Quantitative and Qualitative Disclosuresabout Market RisksÂ FOREIGN CURRENCY RISKÂ Revenue from tenants located in Israel represented60% and 100% of our consolidated revenues for the three months ended October 31, 2024 and 2023, respectively. The entirety of these revenuesis in currencies other than the U.S. Dollar. Our foreign currency exchange risk is somewhat mitigated by our ability to offset a portionof these non-U.S. Dollar-denominated revenues with operating expenses that are paid in the same currencies. While the impact from fluctuationsin foreign exchange rates affects our revenues and expenses denominated in foreign currencies, the net amount of our exposure to foreigncurrency exchange rate changes at the end of each reporting period is generally not material.Â Item 4. Controls and Procedures.Â Evaluation of Disclosure Controls and ProceduresÂ An evaluation was performed under the supervisionand with the participation of the Companyâ€™s management, including the Chief Executive Officer and Chief Financial Officer, of theeffectiveness of the design and operation of the Companyâ€™s disclosure controls and procedures (as defined in Rule 13a-15(e) promulgatedunder the Securities and Exchange Act of 1934, as amended) as of OctoberÂ 31, 2024. Based on that evaluation, the Companyâ€™smanagement, including the President and Chief Executive Officer and Chief Financial Officer, concluded that the Companyâ€™s disclosurecontrols and procedures were effective.Â Changes in Internal Control over FinancialReportingÂ There were no significant changes made in theCompanyâ€™s internal control over financial reporting during the three months ended October 31, 2024 that have materially affected,or are reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.Â 54 Â Â Part IIÂ Item 1. Legal ProceedingsÂ Legal proceedings disclosure is presented in Note22 to our Consolidated Financial Statements included in Item 1 to Part I of this Quarterly Report on Form 10-Q.Â Item 1A. Risk FactorsÂ There were no material changes from the risk factorspreviously disclosed in Item 1A to Part I of the 2024 Form 10-K.Â Item 2. Unregistered Sales of Equity Securities and Use of ProceedsÂ None.Â Item 3. Defaults Upon Senior SecuritiesÂ None.Â Item 4. Mine Safety DisclosuresÂ Not applicable.Â Item 5. Other InformationÂ None.Â Item

6. ExhibitsÂ Exhibit Number Â Description Â Â Â 31.1* Â Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Â Â Â 31.2* Â Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Â Â Â 32.1* Â Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Â Â Â 32.2* Â Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Â Â Â 101.INS* Â XBRL Instance Document Â Â Â 101.SCH* Â XBRL Taxonomy Extension Schema Document Â Â Â 101.CAL* Â XBRL Taxonomy Extension Calculation Linkbase Document Â Â Â 101.LAB* Â XBRL Taxonomy Extension Label Linkbase Document Â Â Â 101.PRE* Â XBRL Taxonomy Extension Presentation Linkbase Document Â Â Â 101.DEF* Â XBRL Taxonomy Extension Definition Linkbase Document Â Â Â 104* Â Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). Â *Filed or furnished herewith.Â 55 Â Â SIGNATURESÂ Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalfby the undersigned thereunto duly authorized.Â Date: December 11, 2024 Rafael Holdings, Inc. Â Â Â Â By: Â /s/ William Conkling Â Â William Conkling Â Â Chief Executive Officer Â Â Â Â By: Â /s/ David Polinsky Â Â David Polinsky Â Â Chief Financial Officer Â Â Â Â 56Â Â

false --07-31 Q1 2025 0001713863 0001713863 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassAMember 2024-12-09 0001713863 us-gaap:CommonClassBMember 2024-12-09 0001713863 2024-10-31 0001713863 2024-07-31 0001713863 rfl:CycloMember 2024-10-31 0001713863 rfl:CycloMember 2024-07-31 0001713863 us-gaap:HedgeFundsMember 2024-10-31 0001713863 us-gaap:HedgeFundsMember 2024-07-31 0001713863 us-gaap:CommonClassAMember 2024-10-31 0001713863 us-gaap:CommonClassAMember 2024-07-31 0001713863 us-gaap:CommonClassBMember 2024-10-31 0001713863 us-gaap:CommonClassBMember 2024-07-31 0001713863 rfl:InfusionTechnologyMember 2024-08-01 2024-10-31 0001713863 rfl:InfusionTechnologyMember 2023-08-01 2023-10-31 0001713863 rfl:RentalThirdPartyMember 2024-08-01 2024-10-31 0001713863 rfl:RentalThirdPartyMember 2023-08-01 2023-10-31 0001713863 rfl:RentalRelatedPartyMember 2024-08-01 2024-10-31 0001713863 rfl:RentalRelatedPartyMember 2023-08-01 2023-10-31 0001713863 2023-08-01 2023-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2024-07-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2024-07-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2024-07-31 0001713863 us-gaap:NoncontrollingInterestMember 2024-07-31 0001713863 us-gaap:CommonClassBMember us-gaap:TreasuryStockCommonMember 2024-07-31 0001713863 us-gaap:TreasuryStockCommonMember 2024-07-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2024-08-01 2024-10-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2024-08-01 2024-10-31 0001713863 us-gaap:NoncontrollingInterestMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2024-08-01 2024-10-31 0001713863 us-gaap:TreasuryStockCommonMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2024-10-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2024-10-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2024-10-31 0001713863 us-gaap:NoncontrollingInterestMember 2024-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:TreasuryStockCommonMember 2024-10-31 0001713863 us-gaap:TreasuryStockCommonMember 2024-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2023-07-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2023-07-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2023-07-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2023-07-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2023-07-31 0001713863 us-gaap:NoncontrollingInterestMember 2023-07-31 0001713863 us-gaap:CommonClassBMember us-gaap:TreasuryStockCommonMember 2023-07-31 0001713863 us-gaap:TreasuryStockCommonMember 2023-07-31 0001713863 2023-07-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2023-08-01 2023-10-31 0001713863 us-gaap:NoncontrollingInterestMember 2023-08-01 2023-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2023-08-01 2023-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2023-08-01 2023-10-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2023-08-01 2023-10-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2023-08-01 2023-10-31 0001713863 us-gaap:TreasuryStockCommonMember 2023-08-01 2023-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:TreasuryStockCommonMember 2023-08-01 2023-10-31 0001713863 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2023-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2023-10-31 0001713863 us-gaap:AdditionalPaidInCapitalMember 2023-10-31 0001713863 us-gaap:RetainedEarningsUnappropriatedMember 2023-10-31 0001713863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2023-10-31 0001713863 us-gaap:NoncontrollingInterestMember 2023-10-31 0001713863 us-gaap:CommonClassBMember us-gaap:TreasuryStockCommonMember 2023-10-31 0001713863 us-gaap:TreasuryStockCommonMember 2023-10-31 0001713863 2023-10-31 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2024-07-31 0001713863 rfl:RPFinanceLLCMember 2024-10-31 0001713863 2024-03-13 2024-03-13 0001713863 2023-08-31 0001713863 rfl:RafaelMedicalDevicesIncMember 2023-08-31 0001713863 rfl:CSPharmaHoldingsLLCMember 2024-10-31 0001713863 rfl:PharmaHoldingsLLCMember 2024-10-31 0001713863 rfl:CSPharmaHoldingsLLCOneMember 2024-10-31 0001713863 rfl:PharmaHoldingsLLCMember us-gaap:SeriesOfIndividuallyImmaterialBusinessAcquisitionsMember 2024-10-31 0001713863 rfl:DayThreeLabsIncMember srt:MinimumMember 2024-05-31 0001713863 rfl:DayThreeLabsIncMember srt:MaximumMember 2024-05-31 0001713863 rfl:BroadAtlanticAssociatesLLCMember 2024-08-01 2024-10-31 0001713863 rfl:IDTREHoldingsLtdMember 2024-08-01 2024-10-31 0001713863 rfl:RafaelRealtyHoldingsIncMember 2024-08-01 2024-10-31 0001713863 rfl:BarerInstituteIncMember 2024-08-01 2024-10-31 0001713863 rfl:HillviewAvenueRealtyJVMember 2024-08-01 2024-10-31 0001713863 rfl:HillviewAvenueRealtyLLCMember 2024-08-01 2024-10-31 0001713863 rfl:RafaelMedicalDevicesLLCMember 2024-08-01 2024-10-31 0001713863 rfl:LevcoPharmaceuticalsLtdMember 2024-08-01 2024-10-31 0001713863 rfl:FarberPartnersLLCMember 2024-08-01 2024-10-31 0001713863 rfl:PharmaHoldingsLLCMember 2024-08-01 2024-10-31 0001713863 rfl:LipoMedixPharmaceuticalsLtdMember 2024-08-01 2024-10-31 0001713863 rfl:AltiraCapitalConsultingLLCMember 2024-08-01 2024-10-31 0001713863 rfl:CSPharmaHoldingsLLCMember 2024-08-01 2024-10-31 0001713863 rfl:DayThreeLabsIncMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstonePharmaceuticalsMember 2024-08-01 2024-10-31 0001713863 rfl:RPFinanceLLCMember 2024-08-01 2024-10-31 0001713863 us-gaap:AccountsReceivableMember us-gaap:CustomerConcentrationRiskMember rfl:OneRelatedPartyMember 2024-08-01 2024-10-31 0001713863 us-gaap:AccountsReceivableMember us-gaap:CustomerConcentrationRiskMember rfl:OneRelatedPartyMember 2023-08-01 2024-07-31 0001713863 rfl:CustomerOneMember us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember 2024-08-01 2024-10-31 0001713863 us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember rfl:OneTenantMember 2024-08-01 2024-10-31 0001713863 us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember rfl:OneRelatedPartyMember 2024-08-01 2024-10-31 0001713863 us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember rfl:OneRelatedPartyMember 2023-08-01 2023-10-31 0001713863 us-gaap:BuildingAndBuildingImprovementsMember 2024-10-31 0001713863 srt:MinimumMember rfl:TenantImprovementsMember 2024-10-31 0001713863 srt:MaximumMember rfl:TenantImprovementsMember 2024-10-31 0001713863 srt:MinimumMember us-gaap:MachineryAndEquipmentMember 2024-10-31 0001713863 srt:MaximumMember us-gaap:MachineryAndEquipmentMember 2024-10-31 0001713863 rfl:OtherprimarilyEquipmentAndFurnitureAndFixturesMember 2024-10-31 0001713863 us-gaap:SeriesDPreferredStockMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 rfl:ConvertibleNoteMember 2024-10-31 0001713863 rfl:ConvertibleNoteMember rfl:SeriesCConvertibleNotesMember 2024-08-01 2024-10-31 0001713863 rfl:SeriesCConvertibleNotesMember 2024-08-01 2024-10-31 0001713863 rfl:SeriesCConvertibleNotesMember us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember 2024-08-01 2024-10-31 0001713863 rfl:RestructuringOfCornerstoneMember us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember 2024-10-31 0001713863 2023-08-01 2024-07-31 0001713863 rfl:ConsolidationOfRPFinanceMember 2024-10-31 0001713863 rfl:CornerstoneMember 2024-10-31 0001713863 rfl:RPFinanceLLCMember 2024-10-31 0001713863 us-gaap:SeriesOfIndividuallyImmaterialBusinessAcquisitionsMember 2023-08-01 2023-10-31 0001713863 rfl:CornerstoneMember 2024-02-01 2024-04-30 0001713863 rfl:CornerstoneMember 2023-08-01 2024-07-31 0001713863 us-gaap:CommonStockMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonStockMember 2024-10-31 0001713863 rfl:VIEMember 2024-10-31 0001713863 rfl:CornerstoneMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:PharmaHoldingsLLCMember us-gaap:SeriesDPreferredStockMember 2024-10-31 0001713863 rfl:CornerstoneMember rfl:PharmaHoldingsLLCMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:CSPharmaHoldingsLLCMember us-gaap:SeriesDPreferredStockMember 2024-10-31 0001713863 rfl:CornerstoneMember rfl:CSPharmaHoldingsLLCMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:PharmaHoldingsLLCMember 2024-10-31 0001713863 rfl:CornerstoneMember rfl:CSPharmaHoldingsLLCMember 2024-10-31 0001713863 rfl:CornerstoneMember us-gaap:LineOfCreditMember 2024-10-31 0001713863 rfl:CornerstoneMember rfl:LoanMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:PromissoryNoteMember 2024-10-31 0001713863 rfl:CornerstoneMember us-gaap:LineOfCreditMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:RPFLineOfCreditMember 2024-10-31 0001713863 rfl:CornerstoneMember rfl:RPFLineOfCreditMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember rfl:PostReverseStockSplitMember 2024-08-01 2024-10-31 0001713863 rfl:RafaelHoldingsIncMember rfl:CornerstoneMember rfl:PharmaHoldingsLLCMember rfl:HowardJonasMember 2024-10-31 0001713863 rfl:CornerstoneMember 2024-10-31 0001713863 us-gaap:LineOfCreditMember 2020-02-03 0001713863 rfl:PostReverseStockSplitMember us-gaap:CommonStockMember 2020-02-03 2020-02-03 0001713863 2020-02-03 2020-02-03 0001713863 rfl:RPFinanceLLCMember rfl:OtherStockholdersMember 2024-10-31 0001713863 srt:MinimumMember rfl:RPFLineOfCreditMember 2024-10-31 0001713863 srt:MaximumMember rfl:RPFLineOfCreditMember 2024-10-31 0001713863 rfl:ConvertibleNotePayableMember 2024-10-31 0001713863 rfl:ConvertibleNotePayableMember 2024-08-01 2024-10-31 0001713863 rfl:SeriesCConvertibleNotesMember 2024-08-01 2024-10-31 0001713863 rfl:SeriesCConvertibleNotesMember us-gaap:IPOMember 2024-10-31 0001713863 rfl:SeriesCConvertibleNotesMember 2024-10-31 0001713863 rfl:CornerstoneAcquisitionMember us-gaap:ConvertibleNotesPayableMember 2024-08-01 2024-10-31 0001713863 rfl:CornerstoneMember 2024-10-31 0001713863 rfl:CornerstoneMember 2024-08-01 2024-10-31 0001713863 2023-06-02 2023-06-02 0001713863 2023-07-21 2023-07-21 0001713863 2024-03-08 2024-03-08 0001713863 rfl:SteadyStateLLCMember 2024-03-08 2024-03-08 0001713863 rfl:SteadyStateLLCMember 2024-03-08 0001713863 2024-03-08 0001713863 rfl:LipoMedixPharmaceuticalsLtdMember 2024-08-01 2024-10-31 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2021-03-31 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2021-09-01 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2021-11-15 0001713863 rfl:LipomedixPharmaceuticalsLtdMember us-gaap:WarrantMember 2021-11-15 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2021-11-15 2021-11-15 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2024-08-01 2024-10-31 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2024-10-31 0001713863 rfl:RafaelHoldingsIncMember rfl:LipomedixPharmaceuticalsLtdMember 2024-10-31 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2023-02-09 0001713863 rfl:LipomedixPharmaceuticalsLtdMember 2023-02-09 2023-02-09 0001713863 rfl:LipomedixPharmaceuticalsLtdMember us-gaap:NoncontrollingInterestMember 2023-02-09 0001713863 rfl:InitialInvestmentInDayThreeMember 2023-04-07 2023-04-07 0001713863 rfl:InitialInvestmentInDayThreeMember 2023-04-07 0001713863 rfl:EquityMethodAndJointVenturesMember 2024-01-31 0001713863 rfl:InitialInvestmentInDayThreeMember 2024-08-01 2024-10-31 0001713863 rfl:InitialInvestmentInDayThreeMember 2023-08-01 2023-10-31 0001713863 us-gaap:CommonStockMember 2024-01-31 0001713863 2024-01-31 2024-01-31 0001713863 rfl:DayThreeNoteOneMember 2023-10-31 0001713863 rfl:DayThreeNoteTwoMember 2023-10-31 0001713863 rfl:DayThreeNoteThreeMember 2023-10-31 0001713863 rfl:DayThreeNoteFourMember 2023-10-31 0001713863 srt:MinimumMember 2023-10-31 0001713863 srt:MaximumMember 2023-10-31 0001713863 rfl:DayThreeAcquisitionMember 2024-10-31 0001713863 rfl:AcquisitionOfDayThreeMember 2023-10-01 2024-01-01 0001713863 rfl:AcquisitionOfDayThreeMember 2024-01-31 0001713863 srt:ScenarioForecastMember 2024-11-30 0001713863 rfl:AcquisitionOfDayThreeMember 2024-10-31 0001713863 rfl:AcquisitionOfDayThreeMember 2024-01-23 2024-01-23 0001713863 rfl:AcquisitionOfDayThreeMember 2024-05-01 2024-05-01 0001713863 rfl:AcquisitionOfDayThreeMember 2024-05-01 0001713863 rfl:RafaelHoldingsIncMember 2024-05-01 0001713863 rfl:AcquisitionOfDayThreeMember 2024-08-01 2024-10-31 0001713863 2024-01-02 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2024-08-01 2024-10-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-05-02 2023-05-02 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-05-02 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember rfl:MayWarrantMember 2023-05-02 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-08-01 2023-08-01 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-08-01 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-10-20 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember rfl:ReplacementWarrantMember 2023-10-20 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:WarrantMember 2023-10-20 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:WarrantMember 2023-10-20 2023-10-20 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-10-20 2023-10-20 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-08-01 2023-10-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2023-10-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:CommonStockMember 2023-10-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:WarrantMember 2023-10-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2024-07-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:CommonStockMember 2024-07-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:WarrantMember 2024-07-31 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:CommonClassBMember 2024-08-21 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:CommonClassAMember 2024-08-21 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember us-gaap:PreferredStockMember 2024-08-21 0001713863 rfl:InvestmentInCycloTherapeuticsIncMember 2024-10-31 0001713863 rfl:CycloConvertibleNoteIMember 2024-06-11 0001713863 rfl:CycloConvertibleNoteIMember 2024-06-11 2024-06-11 0001713863 rfl:CycloConvertibleNoteIIMember 2024-07-16 0001713863 rfl:CycloConvertibleNoteIIMember 2024-07-16 2024-07-16 0001713863 rfl:CycloConvertibleNoteIIIMember 2024-08-21 0001713863 rfl:CycloConvertibleNoteIIIMember 2024-08-21 2024-08-21 0001713863 rfl:CycloConvertibleNoteMember 2023-08-01 2024-07-31 0001713863 rfl:CycloConvertibleNoteIVMember 2024-09-24 0001713863 rfl:CycloConvertibleNoteIVMember 2024-09-24 2024-09-24 0001713863 rfl:CycloConvertibleNoteMember 2024-09-24 2024-09-24 0001713863 rfl:CycloConvertibleNoteVMember 2024-10-08 0001713863 rfl:CycloConvertibleNoteVMember 2024-10-08 2024-10-08 0001713863 rfl:CycloConvertibleNoteMember 2024-10-08 2024-10-08 0001713863 rfl:CycloConvertibleNoteMember 2024-08-01 2024-10-31 0001713863 us-gaap:ConvertibleCommonStockMember 2024-10-31 0001713863 rfl:CycloConvertibleNoteIMember 2024-10-31 0001713863 rfl:CycloMember 2024-07-31 0001713863 2024-11-07 2024-11-07 0001713863 2024-11-07 0001713863 2024-12-09 2024-12-09 0001713863 2024-12-09 0001713863 us-gaap:AgencySecuritiesMember 2024-10-31 0001713863 us-gaap:AgencySecuritiesMember 2024-08-01 2024-10-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2024-10-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2024-08-01 2024-10-31 0001713863 us-gaap:USTreasuryBillSecuritiesMember 2024-07-31 0001713863 us-gaap:USTreasuryBillSecuritiesMember 2023-08-01 2024-07-31 0001713863 us-gaap:AgencySecuritiesMember 2024-07-31 0001713863 us-gaap:AgencySecuritiesMember 2023-08-01 2024-07-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2024-07-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2023-08-01 2024-07-31 0001713863 srt:MinimumMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember 2024-08-01 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:CorporateBondSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:CorporateBondSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:CorporateBondSecuritiesMember 2024-10-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:CommonStockMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-10-31 0001713863 rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:WarrantMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:WarrantMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:WarrantMember 2024-10-31 0001713863 us-gaap:WarrantMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:ConvertibleDebtSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:ConvertibleDebtSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:ConvertibleDebtSecuritiesMember 2024-10-31 0001713863 us-gaap:ConvertibleDebtSecuritiesMember 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member 2024-10-31 0001713863 us-gaap:FairValueInputsLevel2Member 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member 2024-10-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:CorporateBondSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:CorporateBondSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:CorporateBondSecuritiesMember 2024-07-31 0001713863 us-gaap:CorporateBondSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:USTreasuryBillSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:USTreasuryBillSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:USTreasuryBillSecuritiesMember 2024-07-31 0001713863 us-gaap:USTreasuryBillSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:CommonStockMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:WarrantMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:WarrantMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:WarrantMember 2024-07-31 0001713863 us-gaap:WarrantMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-

07-31 0001713863 us-gaap:FairValueInputsLevel3Member rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-07-31 0001713863 rfl:ConvertibleNoteReceivablesDueFromCycloMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:HedgeFundsMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:HedgeFundsMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:HedgeFundsMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member us-gaap:ConvertibleDebtSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member us-gaap:ConvertibleDebtSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member us-gaap:ConvertibleDebtSecuritiesMember 2024-07-31 0001713863 us-gaap:ConvertibleDebtSecuritiesMember 2024-07-31 0001713863 us-gaap:FairValueInputsLevel1Member 2024-07-31 0001713863 us-gaap:FairValueInputsLevel2Member 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member 2024-07-31 0001713863 us-gaap:FairValueInputsLevel3Member 2023-07-31 0001713863 us-gaap:FairValueInputsLevel3Member 2024-08-01 2024-10-31 0001713863 us-gaap:FairValueInputsLevel3Member 2023-08-01 2023-10-31 0001713863 us-gaap:FairValueInputsLevel3Member 2023-10-31 0001713863 srt:MinimumMember rfl:PricePerShareMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember rfl:PricePerShareMember 2024-08-01 2024-10-31 0001713863 rfl:PricePerShareMember 2024-10-31 0001713863 srt:MinimumMember us-gaap:MeasurementInputExercisePriceMember 2024-10-31 0001713863 srt:MaximumMember us-gaap:MeasurementInputExercisePriceMember 2024-10-31 0001713863 us-gaap:MeasurementInputExercisePriceMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember us-gaap:MeasurementInputPriceVolatilityMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember us-gaap:MeasurementInputPriceVolatilityMember 2024-08-01 2024-10-31 0001713863 us-gaap:MeasurementInputPriceVolatilityMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-08-01 2024-10-31 0001713863 us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember us-gaap:MeasurementInputDiscountForLackOfMarketabilityMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember us-gaap:MeasurementInputDiscountForLackOfMarketabilityMember 2024-08-01 2024-10-31 0001713863 us-gaap:MeasurementInputDiscountForLackOfMarketabilityMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember us-gaap:MeasurementInputExpectedTermMember 2024-08-01 2024-10-31 0001713863 srt:MaximumMember us-gaap:MeasurementInputExpectedTermMember 2024-08-01 2024-10-31 0001713863 us-gaap:MeasurementInputExpectedTermMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember rfl:FairValuePerWarrantMember 2024-10-31 0001713863 srt:MaximumMember rfl:FairValuePerWarrantMember 2024-10-31 0001713863 rfl:FairValuePerWarrantMember 2024-08-01 2024-10-31 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputDiscountRateMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputDiscountRateMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputDiscountRateMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputDiscountRateMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputDiscountRateMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputDiscountRateMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputConversionPriceMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputConversionPriceMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputConversionPriceMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputConversionPriceMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputConversionPriceMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputConversionPriceMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputSharePriceMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputSharePriceMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputSharePriceMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputSharePriceMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputSharePriceMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputSharePriceMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputExpectedTermMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputExpectedTermMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputExpectedTermMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputExpectedTermMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputExpectedTermMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputExpectedTermMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputOptionVolatilityMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember us-gaap:MeasurementInputOptionVolatilityMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputOptionVolatilityMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember us-gaap:MeasurementInputOptionVolatilityMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputOptionVolatilityMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember us-gaap:MeasurementInputOptionVolatilityMember 2024-10-08 0001713863 srt:MinimumMember rfl:ConvertibleNoteIIIMember rfl:BlackScholesMertonCallValueMember 2024-08-21 0001713863 srt:MaximumMember rfl:ConvertibleNoteIIIMember rfl:BlackScholesMertonCallValueMember 2024-08-21 0001713863 srt:MinimumMember rfl:ConvertibleNoteIVMember rfl:BlackScholesMertonCallValueMember 2024-09-09 0001713863 srt:MaximumMember rfl:ConvertibleNoteIVMember rfl:BlackScholesMertonCallValueMember 2024-09-09 0001713863 srt:MinimumMember rfl:ConvertibleNoteVMember rfl:BlackScholesMertonCallValueMember 2024-10-08 0001713863 srt:MaximumMember rfl:ConvertibleNoteVMember rfl:BlackScholesMertonCallValueMember 2024-10-08 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputDiscountRateMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputDiscountRateMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputConversionPriceMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputConversionPriceMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputExpectedDividendRateMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputRiskFreeInterestRateMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputSharePriceMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputSharePriceMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputExpectedTermMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputExpectedTermMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputOptionVolatilityMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember us-gaap:MeasurementInputOptionVolatilityMember 2024-10-31 0001713863 srt:MinimumMember rfl:CycloConvertibleNotesMember rfl:BlackScholesMertonCallValueMember 2024-10-31 0001713863 srt:MaximumMember rfl:CycloConvertibleNotesMember rfl:BlackScholesMertonCallValueMember 2024-10-31 0001713863 rfl:ThirdPartyMember 2024-10-31 0001713863 rfl:ThirdPartyMember 2024-07-31 0001713863 us-gaap:RelatedPartyMember 2024-10-31 0001713863 us-gaap:RelatedPartyMember 2024-07-31 0001713863 us-gaap:PropertyPlantAndEquipmentMember 2024-08-01 2024-10-31 0001713863 us-gaap:PropertyPlantAndEquipmentMember 2023-08-01 2023-10-31 0001713863 us-gaap:BuildingAndBuildingImprovementsMember 2024-07-31 0001713863 us-gaap:MachineryAndEquipmentMember 2024-10-31 0001713863 us-gaap:MachineryAndEquipmentMember 2024-07-31 0001713863 srt:OtherPropertyMember 2024-10-31 0001713863 srt:OtherPropertyMember 2024-07-31 0001713863 us-gaap:HealthCareMember 2024-07-31 0001713863 us-gaap:RealEstateMember 2024-07-31 0001713863 rfl:InfusionTechnologyMember 2024-07-31 0001713863 us-gaap:HealthCareMember 2024-08-01 2024-10-31 0001713863 us-gaap:RealEstateMember 2024-08-01 2024-10-31 0001713863 rfl:InfusionTechnologyMember 2024-08-01 2024-10-31 0001713863 us-gaap:HealthCareMember 2024-10-31 0001713863 us-gaap:RealEstateMember 2024-10-31 0001713863 rfl:InfusionTechnologyMember 2024-10-31 0001713863 us-gaap:IntellectualPropertyMember 2024-10-31 0001713863 us-gaap:NoncompeteAgreementsMember 2024-10-31 0001713863 rfl:SharesIssuableUponExerciseOfStockOptionsMember 2024-08-01 2024-10-31 0001713863 rfl:SharesIssuableUponExerciseOfStockOptionsMember 2023-08-01 2023-10-31 0001713863 rfl:SharesIssuableUponVestingOfRestrictedStockMember 2024-08-01 2024-10-31 0001713863 rfl:SharesIssuableUponVestingOfRestrictedStockMember 2023-08-01 2023-10-31 0001713863 country:IL 2024-10-31 0001713863 country:IL 2024-08-01 2024-10-31 0001713863 country:IL 2023-08-01 2023-10-31 0001713863 srt:ChiefExecutiveOfficerMember 2023-07-31 0001713863 2023-07-31 2023-07-31 0001713863 srt:ChiefExecutiveOfficerMember 2023-07-31 2023-07-31 0001713863 us-gaap:DeferredBonusMember srt:ChiefExecutiveOfficerMember 2023-07-31 2023-07-31 0001713863 us-gaap:HealthcareSectorMember 2024-08-01 2024-10-31 0001713863 us-gaap:TechnologySectorMember 2024-08-01 2024-10-31 0001713863 us-gaap:RealEstateSectorMember 2024-08-01 2024-10-31 0001713863 us-gaap:HealthcareSectorMember 2023-08-01 2023-10-31 0001713863 us-gaap:TechnologySectorMember 2023-08-01 2023-10-31 0001713863 us-gaap:RealEstateSectorMember 2023-08-01 2023-10-31 0001713863 country:US 2024-10-31 0001713863 country:US 2024-07-31 0001713863 country:IL 2024-07-31 0001713863 2017-05-01 2017-05-31 0001713863 us-gaap:LicenseAgreementTermsMember 2024-08-01 2024-10-31 0001713863 rfl:FifteenthAnniversaryMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassBMember 2023-04-14 0001713863 us-gaap:CommonClassBMember 2024-08-01 2024-10-31 0001713863 us-gaap:CommonClassBMember 2021-05-27 0001713863 us-gaap:CommonClassBMember 2021-06-01 2021-06-01 0001713863 us-gaap:CommonClassBMember 2021-08-19 0001713863 rfl:JonasOfferingMember 2021-08-19 2021-08-19 0001713863 2021-08-19 2021-08-19 0001713863 rfl:PlanMember us-gaap:CommonClassBMember 2022-01-19 0001713863 rfl:PlanMember us-gaap:CommonClassBMember 2022-11-28 0001713863 rfl:PlanMember us-gaap:CommonClassBMember 2024-08-01 2024-10-31 0001713863 rfl:PlanMember 2024-10-31 0001713863 us-gaap:CommonClassBMember 2022-07-06 2022-07-06 0001713863 us-gaap:CommonClassBMember 2022-07-06 0001713863 2022-07-06 2022-07-06 0001713863 2022-06-13 2022-06-13 0001713863 us-gaap:CommonClassBMember 2022-06-13 2022-06-13 0001713863 2022-06-13 0001713863 2024-07-19 2024-07-19 0001713863 us-gaap:CommonClassBMember 2024-07-19 2024-07-19 0001713863 rfl:StockOptionsMember 2024-10-31 0001713863 rfl:RMD2022PlanMember 2024-08-01 2024-10-31 0001713863 rfl:RMD2023PlanMember 2024-08-01 2024-10-31 0001713863 rfl:RMD2023PlanMember 2024-10-31 0001713863 rfl:CommonStockOfferingsMember 2024-10-31 0001713863 rfl:ClassBOptionMember 2024-10-31 0001713863 2003-12-01 2003-12-31 0001713863 rfl:CornerstoneCommonOptionsMember 2003-12-01 2003-12-31 0001713863 2022-01-31 2022-01-31 0001713863 rfl:NonEmployeeDirectorsMember 2022-01-31 2022-01-31 0001713863 rfl:NonEmployeeDirectorsMember rfl:PlanMember 2022-01-31 2022-01-31 0001713863 rfl:EquityIncentivePlanMember 2022-01-31 2022-01-31 0001713863 2022-02-01 2022-02-01 0001713863 2022-06-14 2022-06-14 0001713863 srt:BoardOfDirectorsChairmanMember 2023-01-31 2023-01-31 0001713863 srt:ChiefFinancialOfficerMember 2023-01-31 2023-01-31 0001713863 srt:ChiefFinancialOfficerMember rfl:EquityIncentivePlanMember 2023-01-31 2023-01-31 0001713863 2023-01-27 2023-01-27 0001713863 2022-08-01 2023-07-31 0001713863 rfl:JonasOfferingMember 2023-08-28 2023-08-28 0001713863 rfl:ClassBRestrictedStockMember 2023-10-25 2023-10-25 0001713863 rfl:ClassBRestrictedStockMember 2024-01-05 2024-01-05 0001713863 rfl:StockOptionsMember us-gaap:CommonClassBMember 2024-06-13 2024-06-13 0001713863 rfl:StockOptionsMember us-gaap:CommonClassBMember 2024-10-31 0001713863 rfl:StockOptionsMember 2024-08-01 2024-10-31 0001713863 rfl:SecuritiesPurchaseAgreementMember us-gaap:CommonClassBMember 2020-12-07 2020-12-07 0001713863 rfl:SecuritiesPurchaseAgreementMember us-gaap:CommonClassBMember 2020-12-07 0001713863 rfl:SecuritiesPurchaseAgreementMember us-gaap:CommonClassBMember 2020-12-04 2020-12-04 0001713863 rfl:SecuritiesPurchaseAgreementMember 2024-08-01 2024-10-31 0001713863 rfl:SecuritiesPurchaseAgreementMember us-gaap:CommonClassBMember 2024-08-01 2024-10-31 0001713863 us-gaap:WarrantMember 2020-12-07 2020-12-07 0001713863 us-gaap:WarrantMember us-gaap:CommonClassBMember 2020-12-07 0001713863 us-gaap:WarrantMember 2022-06-06 0001713863 us-gaap:WarrantMember 2022-06-06 2022-06-06 0001713863 rfl:RafaelMedicalDevicesLLCMember 2024-07-31 0001713863 rfl:RafaelMedicalDevicesLLCMember 2024-08-01 2024-10-31 0001713863 rfl:RafaelMedicalDevicesLLCMember 2024-10-31 0001713863 rfl:OtherMember 2024-10-31 0001713863 rfl:CycloConvertibleNoteVMember us-gaap:ConvertibleNotesPayableMember us-gaap:SubsequentEventMember 2024-11-07 2024-11-07 0001713863 rfl:CycloConvertibleNoteIVMember us-gaap:ConvertibleNotesPayableMember us-gaap:SubsequentEventMember 2024-11-07 2024-11-07 0001713863 rfl:CycloConvertibleNoteIVMember us-gaap:SubsequentEventMember 2024-11-07 0001713863 rfl:RefaelMember rfl:CycloConvertibleNoteIVMember us-gaap:SubsequentEventMember 2024-11-07 0001713863 rfl:CycloConvertibleNoteIVMember us-gaap:ConvertibleNotesPayableMember us-gaap:SubsequentEventMember 2024-12-05 2024-12-05 0001713863 rfl:RefaelMember rfl:CycloConvertibleNoteIVMember us-gaap:ConvertibleNotesPayableMember us-gaap:SubsequentEventMember 2024-12-05 2024-12-05 0001713863 rfl:CycloConvertibleNoteIIIMember us-gaap:ConvertibleNotesPayableMember us-gaap:SubsequentEventMember 2024-12-05 2024-12-05 0001713863 rfl:CycloConvertibleNoteIIIMember us-gaap:SubsequentEventMember 2024-12-05 0001713863 rfl:RefaelMember rfl:CycloConvertibleNoteIIIMember us-gaap:SubsequentEventMember 2024-12-05 0001713863 us-gaap:SubsequentEventMember 2024-11-19 0001713863 us-gaap:SubsequentEventMember 2024-11-19 2024-11-19 xbrli:shares iso4217:USD iso4217:USD xbrli:shares xbrli:pure utr:sqft Exhibit 31.1Â CERTIFICATION OF CHIEF EXECUTIVE OFFICERPURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEYACT OF 2002Â I, William Conkling, certify that:Â 1. I have reviewed this Quarterly Report on Form10-Q of Rafael Holdings, Inc.;Â 2. Based on myknowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to makethe statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periodcovered by this report;Â 3. Based on my knowledge, the financial statements,and other financial information included in this Report, fairly present in all material respects the financial condition, results of operationsand cash flows of the registrant as of, and for, the periods presented in this report;Â 4. The registrantâ€™s other certifying officer(s)and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrantand have:Â (a) Designed such disclosure controlsand procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material informationrelating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularlyduring the period in which this report is being prepared;Â (b) Designed such internal control overfinancial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonableassurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordancewith generally accepted accounting principles;Â (c) Evaluated the effectiveness of theregistrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosurecontrols and procedures, as of the end of the period covered by this report based on such evaluation; andÂ (d) Disclosed in this report any changein the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter(the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely tomaterially affect, the registrantâ€™s internal control over financial reporting.Â 5. The registrantâ€™s other certifying officer(s)and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditorsand the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):Â (a) All significant deficiencies andmaterial weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affectthe registrantâ€™s ability to record, process, summarize and report financial information; andÂ (b) Any fraud, whether or not material,that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date: DecemberÂ 11, 2024 Â Â Â /s/ William Conkling Â William Conkling Â Chief Executive Officer Â Â Exhibit 31.2Â CERTIFICATION OF CHIEF FINANCIAL OFFICERPURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEYACT OF 2002Â I, David Polinsky, certify that:Â 1. I have reviewed this Quarterly Report on Form10-Q of Rafael Holdings, Inc.;Â 2. Based on my knowledge, this report does notcontain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of thecircumstances under which such statements were made, not misleading with respect to the period covered by this report;Â 3. Based on my knowledge, the financial statements,and other financial information included in this Report, fairly present in all material respects the financial condition, results of operationsand cash flows of the registrant as of, and for, the periods presented in this report;Â 4. The registrantâ€™s other certifying officer(s)and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrantand have:Â (a) Designed such disclosure controlsand procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material informationrelating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularlyduring the period in which this report is being prepared;Â (b) Designed such internal control overfinancial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonableassurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordancewith generally accepted accounting principles;Â (c) Evaluated the effectiveness of theregistrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosurecontrols and procedures, as of the end of the period covered by this report based on such evaluation; andÂ (d) Disclosed in this report any changein the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter(the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely tomaterially affect, the registrantâ€™s internal control over financial reporting.Â 5. The registrantâ€™s other certifying officer(s)and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditorsand the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):Â (a) All significant deficiencies andmaterial weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affectthe registrantâ€™s ability to record, process, summarize and report financial information; andÂ (b) Any fraud, whether or not material,that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date: DecemberÂ 11, 2024 Â Â Â /s/ David Polinsky Â David Polinsky Â Chief Financial Officer Â Â Exhibit 32.1Â Certification Pursuant to18 U.S.C. Section 1350(as Adopted Pursuant to Section 906 ofthe Sarbanes-Oxley Act Of 2002)Â In connection with the Quarterly Report of RafaelHoldings, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended OctoberÂ 31, 2024 as filed with the Securities and ExchangeCommission (the â€œReportâ€), I, William Conkling, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:Â 1. The Report fully complies with the requirementsof Section 13(a) or 15(d) of the Securities Exchange Act of 1934; andÂ 2. The information contained in the Report fairlypresents, in all material respects, the financial condition and results of operations of the Company.Â Date: DecemberÂ 11, 2024 Â Â Â /s/ William Conkling Â William Conkling Â Chief Executive Officer Â Â A signed original of this written statement requiredby Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form withinthe electronic version of this written statement required by Section 906, has been provided to Rafael Holdings, Inc. and will be retainedby Rafael Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.Â Exhibit 32.2Â Certification Pursuant to18 U.S.C. Section 1350(as Adopted Pursuant to Section 906 ofthe Sarbanes-Oxley Act Of 2002)Â In connection with the Quarterly Report of RafaelHoldings, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended OctoberÂ 31, 2024 as filed with the Securities and ExchangeCommission (the â€œReportâ€), I, David Polinsky, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:Â 1. The Report fully complies with the requirementsof Section 13(a) or 15(d) of the Securities Exchange Act of 1934; andÂ 2. The information contained in the Report fairlypresents, in all material respects, the financial condition and results of operations of the Company.Â Date: DecemberÂ 11, 2024 Â Â /s/ David Polinsky Â David Polinsky Â Chief Financial Officer Â Â A signed original of this written statement requiredby Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form withinthe electronic version of this written statement required by Section 906, has been provided to Rafael Holdings, Inc. and will be retainedby Rafael Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.Â