

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

Consolidated Financial Statements  
Years Ended March 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**U.S. Nutraceuticals, Inc.**  
(d/b/a Valensa International)  
**and Subsidiary**

---

Consolidated Financial Statements  
Years Ended March 31, 2025 and 2024

**U.S. Nutraceuticals, Inc.  
(d/b/a Valensa International)  
and Subsidiary**

**Contents**

---

<b>Independent Auditor’s Report</b>	3-4
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets as of March 31, 2025 and 2024	6
Consolidated Statements of Operations for the Years Ended March 31, 2025 and 2024	7-8
Consolidated Statements of Stockholder’s Equity for the Years Ended March 31, 2025 and 2024	9
Consolidated Statements of Cash Flows for the Years Ended March 31, 2025 and 2024	10
Notes to Consolidated Financial Statements	11-19



## **Independent Auditor's Report**

The Board of Directors  
U.S. Nutraceuticals, Inc.  
(d/b/a Valensa International)  
Eustis, Florida

### ***Opinion***

We have audited the consolidated financial statements of U.S. Nutraceuticals, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*BDO USA, P.C.*

May 22, 2025

## **Consolidated Financial Statements**

---

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Consolidated Balance Sheets**

<i>March 31,</i>	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 235,822	\$ 419,286
Accounts receivable	4,033,725	4,637,339
Inventories, net	13,845,349	11,901,129
Prepaid expenses and other current assets	233,913	282,222
<b>Total Current Assets</b>	<b>18,348,809</b>	<b>17,239,976</b>
<b>Property and Equipment, Net</b>	<b>1,096,435</b>	<b>1,533,248</b>
<b>Other Assets</b>		
Intangible assets, net	696,152	832,347
Goodwill, net	297,952	364,164
Deposits	59,065	27,070
<b>Total Other Assets</b>	<b>1,053,169</b>	<b>1,223,581</b>
<b>Total Assets</b>	<b>\$ 20,498,413</b>	<b>\$ 19,996,805</b>
<b>Liabilities and Stockholder's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,325,400	\$ 795,931
Accrued expenses	671,603	1,039,249
Income tax payable	-	22,426
Related-party payables	659,722	1,087,671
Line of credit	10,400,000	9,500,000
<b>Total Current Liabilities</b>	<b>13,056,725</b>	<b>12,445,277</b>
<b>Commitments and Contingencies (Note 10)</b>		
<b>Stockholder's Equity</b>		
Common stock, \$1 par value, 20,000 shares authorized, 1,027 issued and outstanding	1,027	1,027
Additional paid-in capital	20,121,437	20,121,437
Accumulated deficit	(12,680,776)	(12,570,936)
<b>Total Stockholder's Equity</b>	<b>7,441,688</b>	<b>7,551,528</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 20,498,413</b>	<b>\$ 19,996,805</b>

*See accompanying notes to consolidated financial statements.*

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Consolidated Statements of Operations**

<i>Year ended March 31,</i>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Product sales	\$ 21,231,644	\$ 24,492,015
Other revenues	227,314	438,209
<b>Total Revenues</b>	<b>21,458,958</b>	<b>24,930,224</b>
<b>Cost of Sales</b>	<b>14,100,852</b>	<b>17,423,129</b>
<b>Gross Profit</b>	<b>7,358,106</b>	<b>7,507,095</b>
<b>Selling, General, and Administrative Expenses</b>		
Salaries and wages	3,411,161	3,217,236
Insurance	813,147	1,030,201
Professional fees	671,525	866,789
Advertising and marketing	47,063	585,932
Research and development	309,288	309,668
Repairs and maintenance	392,290	403,584
Gas	316,527	378,224
Samples	24,861	312,805
Payroll taxes	191,086	213,348
Amortization	220,856	211,780
Utilities	176,571	199,585
Supplies	183,852	183,632
Impairment of intangible assets	90,652	181,349
Travel expenses	217,605	172,551
Depreciation	182,430	160,548
Promotional events	97,535	126,116
Employee benefits	114,224	114,273
Rent	178,679	113,485
Bank charges	105,682	104,604
Dues and subscriptions	23,981	86,537
Taxes and licenses	78,830	76,803
Telephone	86,670	71,599
Provision for doubtful debts	25,820	-
Loss on disposal of property and equipment	-	63,717
Uniforms	56,066	52,685
Miscellaneous	33,631	48,709
Meals and entertainment	30,907	33,436
Internet and computer services	932	32,965
Postage and freight	21,809	22,802
Data processing	16,069	10,084
Safety	1,459	1,557
Royalty recoveries	5,393	-
Less: applied production costs	(1,712,552)	(1,990,573)
<b>Total Selling, General, and Administrative Expenses</b>	<b>6,414,049</b>	<b>7,396,031</b>
<b>Operating Income</b>	<b>944,057</b>	<b>111,064</b>

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Consolidated Statements of Operations**

<i>Year ended March 31,</i>	<b>2025</b>	<b>2024</b>
<b>Other Income (Expense)</b>		
Interest expense	\$ (663,383)	\$ (674,385)
Other expense	(1,500)	(50)
Insurance proceeds	-	3,250,118
Sale of intangible asset	-	200,000
Building & Improvements write-off, net	<b>(389,014)</b>	-
<b>Total Other (Expense) Income, Net</b>	<b>(1,053,897)</b>	<b>2,775,683</b>
<b>Net (Loss) Income, before income taxes</b>	<b>(109,840)</b>	<b>2,886,747</b>
<b>Income Tax Expense</b>	<b>-</b>	<b>(22,426)</b>
<b>Net (Loss) Income</b>	<b>\$ (109,840)</b>	<b>\$ 2,864,321</b>

*See accompanying notes to consolidated financial statements.*

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Consolidated Statements of Stockholder's Equity**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount			
<b>Balance, March 31, 2023</b>	1,027	\$ 1,027	\$ 20,121,437	\$ (15,435,257)	\$ 4,687,207
Net income	-	-	-	2,864,321	2,864,321
<b>Balance, March 31, 2024</b>	1,027	1,027	20,121,437	(12,570,936)	7,551,528
Net loss				(109,840)	(109,840)
<b>Balance, March 31, 2025</b>	1,027	\$ 1,027	\$ 20,121,437	\$ (12,680,776)	\$ 7,441,688

*See accompanying notes to consolidated financial statements.*

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Consolidated Statements of Cash Flows**

<i>Year ended March 31,</i>	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Net (loss) income	\$ (109,840)	\$ 2,864,321
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	403,286	372,328
Building & Improvements write-off	432,804	-
Inventory write-offs	2,153	-
Credit losses	25,820	-
Impairment of intangible assets	90,652	181,349
Gain on sale of intangible asset	-	(200,000)
Gain on recovery of obsolete inventory	-	(2,668,624)
Changes in operating assets and liabilities:		
Accounts receivable	603,614	(1,031,056)
Inventories	(1,946,373)	2,206,061
Prepaid expenses and other current assets	48,309	(84,339)
Deposits	(31,995)	148,501
Accounts payable	529,469	(413,992)
Accrued expenses	(393,466)	(300,855)
Related-party payables	(427,949)	(2,396,259)
Income tax payable	(22,426)	22,426
<b>Net Cash Used in Operating Activities</b>	<b>(795,942)</b>	<b>(1,300,139)</b>
<b>Cash Flows from Investing Activities</b>		
Sale of intangible asset	-	200,000
Purchase of property and equipment	(178,421)	(187,280)
Purchase of intangible assets	(109,101)	(719)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(287,522)</b>	<b>12,001</b>
<b>Cash Flows from Financing Activities</b>		
Borrowings under line of credit	6,850,000	6,700,000
Repayments under line of credit	(5,950,000)	(5,100,000)
<b>Net Cash Provided by Financing Activities</b>	<b>900,000</b>	<b>1,600,000</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(183,464)</b>	<b>311,862</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>419,286</b>	<b>107,424</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 235,822</b>	<b>\$ 419,286</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$ 670,550	\$ 685,359
Taxes paid	37,000	-

*See accompanying notes to consolidated financial statements.*

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

**1. Nature of Organization and Operations**

U.S. Nutraceuticals, Inc. (the Company), formerly U.S. Nutraceuticals, LLC, was formed on July 27, 1998 under the laws of the state of Florida. The Company is a wholly owned subsidiary of E.I.D. Parry (India), Ltd. (the Parent). The Company is doing business as Valensa International and is a science-based developer and producer of botanical-sourced products, including nutraceutical supplements, functional foods, general nutrition, and functional cosmetic ingredients.

**2. Summary of Significant Accounting Policies**

***Basis of Accounting and Principles of Consolidation***

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). All intercompany accounts and transactions between the Company and its wholly owned subsidiary have been eliminated in consolidation.

***Cash Equivalents***

The Company considers all short-term investments with an original maturity of three months or less, from date of purchase, to be cash equivalents.

***Accounts Receivable and Allowance for Credit Losses***

The Company sells its products on credit terms that the Company establishes for each customer. Trade receivables are recorded upon recognition of sales based upon the date the customer takes control of the product. The Company generally does not require collateral to support customer receivables. Allowance for credit risk for accounts receivable is established based on various factors including credit profiles of the Company's customers, historical payments, and current economic trends. The Company reviews the provision for credit losses by assessing individual accounts receivable over a specific aging and amount. The estimate of expected credit losses is based on information about past events, historical loss experience, balances past due by aging category, prior payment history with affected customers, geographic conditions, current economic conditions, and forecasts of future economic conditions that affect the collectability. The Company also considers any known disputes or collection issues with customers. Accounts receivable is written off on a case-by-case basis, net of any amounts that may be collected. The Company generally does not charge interest on past-due accounts. The Company has recorded an allowance for credit loss of \$25,820 and \$0 on March 31, 2025 and 2024, respectively.

***Inventories***

Inventories consist of raw materials, work-in-process, and finished goods. Inventories are stated at the lower of cost (based on the weighted-average method) or net realizable value. Capitalized labor and overhead costs are absorbed into inventory production through an "applied production costs" account on the consolidated statements of operations. A reserve is recorded for any inventories deemed slow moving or obsolete. During the year ended March 31, 2023, the Company recorded an increase of \$2,662,432 to the inventory obsolescence reserve associated with a fire at a third-party warehouse that damaged inventory held at the facility. The expense associated with the increase to the reserve was recorded in cost of sales within the consolidated statements of operations. During the year ended March 31, 2024, the Company received \$3,250,118 of cash proceeds from the

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

insurance claims, which is recorded as other income in the accompanying consolidated statements of operations. The Company's inventory reserve for slow-moving and obsolete inventory were \$131,033 and \$128,880 as of March 31, 2025 and 2024, respectively.

***Property and Equipment***

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The carrying amount of accumulated depreciation of assets sold or retired is removed from the accounts in the year of disposal, and any resulting gain or loss is included in results of operations.

***Goodwill and Other Intangible Assets***

Intangible assets consist of goodwill, patents, patents pending, regulatory permitting costs, trademarks, and tradenames. Definite-lived intangibles are amortized using the straight-line method over the life of the intangible, ranging from six to 20 years. The Company's goodwill was recorded as a result of the Company's business combination of LaBelle in fiscal 2020.

Effective April 1, 2019, the Company adopted Accounting Standards Update (ASU) 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination*, which allows for private companies to not recognize separately from goodwill certain assets arising from customer relationships and noncompetition agreements upon a business acquisition unless they are contract assets that are capable of being sold or licensed independently from other assets of a business. Eligible customer-related intangible assets would be subsumed into goodwill and the goodwill is amortized. ASU 2014-18 requires the adoption of ASU 2014-12, *Accounting for Goodwill*, which allows eligible private companies to amortize goodwill and apply a one-step impairment model. Accordingly, the excess of the fair value of consideration paid over fair value of net identifiable assets and liabilities of an acquired business (goodwill) is amortized on a straight-line basis over ten years.

The Company assesses the recoverability of its goodwill and indefinite-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount of the asset may be not recoverable. The Company recorded an impairment on its patents of \$90,652 and \$181,349 during the years ended March 31, 2025 and 2024, respectively, as a result of a decision to discontinue selling products related to certain patents.

***Impairment of Long-Lived Assets***

The Company reviews its long-lived assets for impairment, such as property and equipment and purchased definite-lived intangibles, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There was no impairment of long-lived assets during the years ended March 31, 2025 and 2024.

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

***Revenue Recognition***

The Company recognizes revenue from product sales at a point in time when performance obligations under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. Control of the goods is transferred either upon shipment from the Company's warehouse or upon receipt by the customer, depending on the shipping terms of the contract.

There are several factors in determining that control transfers to the customer upon shipment of products, which include that legal title transfers to the customer, present right to payment exists, and that the customer has assumed the risks and rewards of ownership.

Sales (and similar) taxes that are imposed on sales and collected from customers are excluded from revenues.

***Royalty Income***

The Company has entered into trademark use and license agreements with some customers giving them certain rights to use the Company's trademark and intellectual property on their finished product on certain terms for a limited period. The terms and rights vary from customer to customer. In consideration of such agreement, the customers are obligated to pay royalties on sales of these products to their end customers on a periodic basis. Revenue is recognized over the time the sales occur and is recorded within other revenues on the accompanying consolidated statements of operations.

***Advertising Costs***

Advertising costs, included in selling, general, and administrative expenses on the consolidated statements of operations, are expensed as incurred. The Company incurred approximately \$47,063 and \$585,932 in advertising expenses for the years ended March 31, 2025 and 2024, respectively.

***Research and Development***

Research and development costs to develop new products are charged to expense as incurred.

***Income Taxes***

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less-than-more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated balance sheets. The Company has not recognized a liability for uncertain tax positions. If there were an

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Fair Value of Financial Instruments***

The Company reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Accounting Standards Codification (ASC) 820 describes the following three levels of inputs that may be used to measure fair value:

*Level 1* - This level consists of valuations based on adjusted quoted prices in active markets for identical assets or liabilities.

*Level 2* - This level consists of valuations based on quoted market prices for similar assets and liabilities in active markets.

*Level 3* - This level consists of valuations based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and related-party payables. The line of credit is considered as Level 2 and its fair value was estimated based on current rates that would be available for debt of similar terms that is not significantly different from its stated value.

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

**3. Inventories**

Inventories consist of the following:

<i>March 31,</i>	2025	2024
Raw materials	\$ 6,001,576	\$ 421,985
Work-in-process	1,174,927	2,012,409
Finished goods	6,799,879	9,595,615
Less: reserve for slow-moving or obsolete inventory	(131,033)	(128,880)
	<b>\$ 13,845,349</b>	<b>\$ 11,901,129</b>

**4. Property and Equipment, Net**

Property and equipment, net consists of the following:

<i>March 31,</i>	2025	2024	Estimated Useful Life (Years)
Land and improvements	\$ 234,143	\$ 234,143	0-20
Building and improvements	4,394,419	4,913,419	7-20
Machinery and equipment	5,741,356	5,490,768	5-12
Furniture and fixtures	292,136	284,278	3-10
Construction-in-process	-	80,025	
	<b>10,662,054</b>	<b>11,002,633</b>	
Less: accumulated depreciation	<b>(9,565,619)</b>	<b>(9,469,385)</b>	
	<b>\$ 1,096,435</b>	<b>\$ 1,533,248</b>	

Construction-in-process as of March 31, 2025 and 2024 consists of costs related to installation of new machinery and equipment that has not yet been placed in service. Depreciation expense was \$182,430 and \$160,548 for the year ended March 31, 2025 and 2024, respectively.

**5. Goodwill and Other Intangibles**

***Goodwill***

The change in the carrying amount of goodwill is as follows:

<i>Year ended March 31,</i>	2025	2024
<b>Balance</b> , beginning of year	\$ 364,164	\$ 430,375
Amortization expense	(66,212)	(66,211)
<b>Balance</b> , end of year	<b>\$ 297,952</b>	<b>\$ 364,164</b>

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

Future amortization of goodwill is as follows as of March 31, 2024:

*Year ending March 31,*

2026	\$	66,211
2027		66,211
2028		66,211
2029		66,211
2030		33,108
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>297,952</b>

Other intangible assets consist of the following:

*March 31,*

	2025	2024	Estimated Useful Lives (Years)
Patents	\$ 1,797,247	\$ 2,043,943	10-20
Pending patents	188,027	97,936	-
Regulatory permitting costs	142,302	142,302	10-20
Trademarks	225,945	280,279	Indefinite
Tradenname	278,300	278,300	6
	<b>2,631,821</b>	<b>2,842,760</b>	
Less: accumulated amortization	<b>(1,935,669)</b>	<b>(2,010,413)</b>	
	<b>\$ 696,152</b>	<b>\$ 832,347</b>	

Amortization expense of goodwill and intangible assets was \$220,856 and \$211,780 for the years ended March 31, 2025 and 2024, respectively, and is reflected as a selling, general, and administrative expenses. Impairment of intangible assets was \$90,652 and \$181,349 for the years ended March 31, 2025 and 2024, respectively, and is reflected as a selling, general, and administrative expenses.

The Company will begin amortizing \$188,027 in pending patent costs upon their approval by the associated regulatory agency. Approximate future amortization expense on the remaining definite-lived intangibles is as follows:

*Year ending March 31,*

2026	\$	76,000
2027		58,000
2028		46,000
2029		43,000
2030		37,000
Thereafter		32,000
	<b>\$</b>	<b>292,000</b>

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

## **6. Related Party Transactions**

### ***Related-Party Payables***

Related-party payables consisted of inventory purchases from the Parent or entities related through common ownership. No defined repayment terms existed on related-party payables, as they were considered normal trade liabilities of the Company for normal operational purposes and are classified as current liabilities on the accompanying consolidated balance sheets.

Related-party payables of \$659,722 at March 31, 2025 include trade accounts payable for inventory purchases to the Parent.

Related-party payables of \$1,087,671 at March 31, 2024 include trade accounts payable for inventory purchases to the Parent.

### ***Other Related-Party Transactions***

For the year ended March 31, 2025, the Company purchased product from the Parent of \$2,615,962. Approximately 20% of the Company's purchases for the year ended March 31, 2025 were from the Parent.

For the year ended March 31, 2024, the Company purchased product from the Parent of \$1,422,725. Approximately 10% of the Company's purchases for the year ended March 31, 2024, were from the Parent.

## **7. Line of Credit**

During the previous year ended, March 31, 2024, the line of credit, renewed on July 2023, was extended until to mature in July 2024, and the interest rate was modified to SOFR plus 1.5% (6.1% as of March 31, 2025). The said line of credit was secured by a standby letter of credit totaling \$15,500,000. The line of credit does not require compliance with any financial covenants. The outstanding balance on the line of credit was \$10,400,000 and \$9,500,000 as of March 31, 2025, and 2024, respectively, and is reflected as a current liability. See Note 12; the revolving line of credit was renewed subsequent to year-end.

## **8. Concentrations and Credit Risk**

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Company has not experienced any losses on such accounts.

The Company had three customers that accounted for approximately 19%, 17%, and 13% of total revenues for the year ended March 31, 2025. The Company had three customers that accounted for approximately 18%, 13%, and 12% of total revenues for the year ended March 31, 2024. The Company had three customers that accounted for 21%, 17%, and 16% of accounts receivable at March 31, 2025. The Company had three customers that accounted for 24%, 17%, and 12% of accounts receivable at March 31, 2024.

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

---

The Company purchases inventory in excess of 10% of total purchases from the Parent, as discussed in Note 6.

**9. Retirement Plans**

Effective March 1, 2004, the Company adopted the U.S. Nutraceuticals Savings Plan (Plan). This Plan is a defined contribution plan, which includes a salary reduction feature. Employees are eligible to participate in the Plan based upon specific eligibility conditions set forth in the Plan document. The Company contributed matching funds equal to 100% of salary reduction contributions up to 3% of compensation, and 50% of salary reduction contributions for amounts greater than 3% of compensation for the employees electing to participate in the salary reduction program, up to a maximum of 5% of an employee's compensation. Matching contributions vest 100% immediately. For the years ended March 31, 2025 and 2024, the Company made approximately \$81,134 and \$79,000, respectively, in employer matching contributions, which are included in employee benefits on the accompanying consolidated statements of operations.

**10. Commitments and Contingencies**

The Company from time to time is involved in various legal actions arising in the normal course of business. Management, after reviewing with legal counsel all of these actions and proceedings, believes that the aggregate losses, if any, will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

**11. Income Taxes**

Income tax expense consists of the following:

<i>Year ended March 31,</i>	<b>2025</b>		<b>2024</b>	
<b>Current</b>				
Federal	\$	-	\$	19,889
State		-		2,537
<b>Total Income Tax Expense</b>	\$	-	\$	22,426

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets are recorded to reflect deductible temporary differences and operating loss carryforwards, while deferred tax liabilities are recorded to reflect taxable temporary differences.

**U.S. Nutraceuticals, Inc.**  
**(d/b/a Valensa International)**  
**and Subsidiary**

**Notes to Consolidated Financial Statements**

Deferred tax asset consists of the following:

<i>March 31,</i>	2025	2024
Depreciation on property and equipment	\$ 172,606	\$ 179,632
Amortization of intangible assets	148,738	133,085
Accounts receivable allowance	-	-
Inventory reserve	32,167	11,522
Accrued salaries and wages	21,412	122,606
Accrued Sales Commissions	756	
Accrued Vacation	23,582	
Other Accrued expenses	36,168	78,656
Patent pending reserve	-	-
UNICAP	34,907	27,531
Income from partnership	-	-
Excess business interest expense	247,058	209,341
Operating loss carryforward	751,793	690,771
<b>Total Deferred Tax Asset</b>	<b>1,469,187</b>	<b>1,453,144</b>
<b>Disposition of Ordinary Assets</b>	<b>(22,325)</b>	
Less: valuation allowance	(1,446,862)	(1,453,144)
<b>Net Deferred Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

As of March 31, 2025 and 2024, the Company had federal net operating losses (NOL) of \$3,193,981 and \$2,853,054, respectively. The federal NOL generated after December 31, 2017 of \$2,853,054 will not expire. A full valuation allowance had already been established against the Company's deferred tax assets due to three years' cumulative losses. Since the NOLs are limited to 80% fiscal year-end taxable income, this resulted in \$0 income tax expense being recorded during the year ended March 31, 2025. The valuation allowance increased (decreased) by \$6,282 and decreased by \$910,337 during the years ended March 31, 2025 and 2024, respectively.

The Company files tax returns in the U.S., Florida and California. As of March 31, 2025, tax years for 2024, 2023, and 2022 are still subject to examination by the tax authorities. The Company is no longer subject to U.S. federal or state examinations by tax authorities for years before 2022.

## 12. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2025 through May 22, 2025, which is the date the consolidated financial statements were available to be issued. No subsequent events have occurred since March 31, 2025 that require recognition or disclosure in the consolidated financial statements.

As disclosed in Note 7, the revolving line of credit was renewed on May 5, 2025 to extend the maturity date until July 31, 2026.