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

Consolidated Financial Statements
Years Ended March 31, 2024 and 2023

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

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Years Ended March 31, 2024 and 2023

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Contents

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of U.S. Nutraceuticals, Inc. (d/b/a Valensa International) and its subsidiary (the Company), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the related consolidated statements of operations, 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 2023, 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 Consolidated 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 Consolidated 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 Consolidated 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 14, 2024

Consolidated Financial Statements

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

Consolidated Balance Sheets

March 31,		**2024**		2023
Assets				
Current Assets				
Cash and cash equivalents	**$**	**419,286**	$	107,424
Accounts receivable, net		**4,637,339**		3,606,283
Inventories, net		**11,901,129**		11,438,566
Prepaid expenses and other current assets		**282,222**		197,883
Total Current Assets		**17,239,976**		15,350,156
Property and Equipment, Net		**1,533,248**		1,506,516
Other Assets				
Intangible assets, net		**832,347**		1,158,546
Goodwill, net		**364,164**		430,375
Deposits		**27,070**		175,571
Total Other Assets		**1,223,581**		1,764,492
Total Assets	**$**	**19,996,805**	$	18,621,164
Liabilities and Stockholder's Equity				
Current Liabilities				
Accounts payable	**$**	**795,931**	$	1,209,923
Accrued expenses		**1,039,249**		1,340,104
Income tax payable		**22,426**		-
Related-party payables		**1,087,671**		3,483,930
Line of credit		**9,500,000**		7,900,000
Total Current Liabilities		**12,445,277**		13,933,957
Commitments and Contingencies (Note 10)				
Stockholder's Equity				
Common stock, $1 par value, 1,000 shares authorized; 1,027 issued and outstanding		**1,027**		1,027
Additional paid-in capital		**20,121,437**		20,121,437
Accumulated deficit		**(12,570,936)**		(15,435,257)
Total Stockholder's Equity		**7,551,528**		4,687,207
Total Liabilities and Stockholder's Equity	**$**	**19,996,805**	$	18,621,164

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Operations

Year ended March 31,	**2024**	2023
Revenues		
Product sales	$ **24,492,015**	$ 28,933,458
Other revenues	**438,209**	175,756
Total Revenues	**24,930,224**	29,109,214
Cost of Sales	**17,423,129**	24,516,933
Gross Profit	**7,507,095**	4,592,281
Selling, General, and Administrative Expenses		
Salaries and wages	**3,217,236**	3,590,406
Insurance	**1,030,201**	978,167
Professional fees	**866,789**	1,600,077
Advertising and marketing	**585,932**	840,999
Repairs and maintenance	**403,584**	261,310
Gas	**378,224**	558,977
Samples	**312,805**	285,279
Payroll taxes	**213,348**	236,130
Amortization	**211,780**	225,520
Utilities	**199,585**	199,351
Supplies	**183,632**	224,346
Impairment of intangible assets	**181,349**	27,493
Travel expenses	**172,551**	288,790
Depreciation	**160,548**	214,751
Promotional events	**126,116**	242,727
Employee benefits	**114,273**	119,464
Rent	**113,485**	311,858
Bank charges	**104,604**	69,932
Dues and subscriptions	**86,537**	78,982
Taxes and licenses	**76,803**	70,116
Telephone	**71,599**	69,171
Loss on disposal of property and equipment	**63,717**	6,939
Uniforms	**52,685**	62,818
Miscellaneous	**48,709**	46,143
Meals and entertainment	**33,436**	32,953
Internet and computer services	**32,965**	50,476
Postage and freight	**22,802**	35,244
Data processing	**10,084**	9,900
Safety	**1,557**	2,680
Royalty recoveries	**-**	(288,306)
Less: applied production costs	**(1,990,573)**	(2,374,892)
Total Selling, General, and Administrative Expenses	**7,086,363**	8,077,801
Research and Development Expenses	**309,668**	16,727
Operating Income (Loss)	**111,064**	(3,502,247)

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

Consolidated Statements of Operations

Year ended March 31,		**2024**		2023
Other Income (Expense)				
Interest expense, net	**$**	**(674,385)**	$	(398,167)
Other expense, net		**(50)**		(7,181)
Insurance proceeds		**3,250,118**		-
Sale of intangible asset		**200,000**		-
Total Other Income (Expense), Net		**2,775,683**		(405,348)
Net Income (Loss), before income taxes		**2,886,747**		(3,907,595)
Income Tax Expense		**(22,426)**		-
Net Income (Loss)	**$**	**2,864,321**	$	(3,907,595)

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	Accumulated	Total Stockholder's
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance, March 31, 2022	1,027	$ 1,027	$ 20,121,437	$ (11,527,662)	$ 8,594,802
Net loss	-	-	-	(3,907,595)	(3,907,595)
Balance, March 31, 2023	1,027	1,027	20,121,437	(15,435,257)	4,687,207
Net income	-	-	-	2,864,321	2,864,321
Balance, March 31, 2024	1,027	$ 1,027	$ 20,121,437	$ (12,570,936)	$ 7,551,528

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

Year ended March 31,		**2024**		2023
Cash Flows from Operating Activities				
Net income (loss)	**$**	**2,864,321**	$	(3,907,595)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization		**372,328**		440,271
Loss on disposal of property and equipment		**-**		6,939
Impairment of intangible assets		**181,349**		27,493
Loss (gain) on sale of intangible asset		**(200,000)**		-
Loss (gain) on write-off (recovery) of obsolete inventory		**(2,668,624)**		2,662,432
Changes in operating assets and liabilities:				
Accounts receivable		**(1,031,056)**		1,193,266
Inventories		**2,206,061**		1,764,634
Prepaid expenses and other current assets		**(84,339)**		1,094,533
Deposits		**148,501**		(174,180)
Accounts payable		**(413,992)**		(140,239)
Accrued expenses		**(300,855)**		(659,063)
Related-party payables		**(2,396,259)**		(626,692)
Income tax payable		**22,426**		120,000
Net Cash Provided by (Used in) Operating Activities		**(1,300,139)**		1,801,799
Cash Flows from Investing Activities				
Sale of intangible asset		**200,000**		-
Purchase of property and equipment		**(187,280)**		(352,192)
Purchase of intangible assets		**(719)**		(86,683)
Net Cash Provided by (Used in) Investing Activities		**12,001**		(438,875)
Cash Flows from Financing Activities				
Borrowings under line of credit		**6,700,000**		14,150,000
Repayments under line of credit		**(5,100,000)**		(15,550,000)
Net Cash Provided by (Used in) Financing Activities		**1,600,000**		(1,400,000)
Net Increase (Decrease) in Cash and Cash Equivalents		**311,862**		(37,076)
Cash and Cash Equivalents, beginning of year		**107,424**		144,500
Cash and Cash Equivalents, end of year	**$**	**419,286**	$	107,424
Supplemental Disclosures of Cash Flow Information				
Interest paid	**$**	**685,359**	$	256,521

See accompanying 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.

On September 30, 2019, the Company acquired the remaining 51% membership interest in LaBelle Botanics, LLC (LaBelle), requiring a change from the equity method to consolidation of LaBelle, which is now a wholly owned subsidiary.

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 $0 on March 31, 2024.

For the year ended March 31, 2023, the Company determined if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. As of March 31, 2023, management recorded an allowance for doubtful accounts of $43,000.

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 insurance claims, which is recorded as other income in the accompanying consolidated statements of operations. Based upon the recoveries, the Company reduced the inventory obsolescence reserve to $128,880 as of March 31, 2024.

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 $181,349 and $27,493 during the years ended March 31, 2024 and 2023, 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, 2024 and 2023.

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 $284,000 and $507,000 in advertising expenses for the years ended March 31, 2024 and 2023, 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 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 fair value of the Company's line of credit is estimated based on current rates that would be available for debt of similar terms that is not significantly different from its stated value.

The Company does not have any Level 1, 2, or 3 financial instruments.

Reclassifications

Previous-year figures have been regrouped and reclassified wherever necessary to match the current-year presentation.

Recently Adopted Accounting Pronouncement

Leases

On February 24, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)* (ASC 842), a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet for all leases with terms greater than 12 months, including for those leases classified as operating leases under the legacy standard (ASC 840). There was no impact as a result of the adoption of ASC 842 on the consolidated financial statements, as the Company has no leases with terms longer than 12 months.

Recent Accounting Pronouncement

Current Expected Credit Losses

In June 2016, the FASB issued Topic 326. Topic 326 introduced a new credit-loss methodology, current expected credit losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to Topic 326.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

The Company adopted the guidance on January 1, 2023. The adoption of the guidance resulted in in a change of the Company's methodology in determining its reserve for uncollectable trade receivables. The Company adopted Topic 326 using the modified retrospective method for all financial assets in scope of the standard. Results for reporting periods beginning after January 1, 2023 are presented under Topic 326, while prior-period amounts continue to be reported in accordance with previously applicable GAAP. There was no significant impact on the consolidated financial statements as a result of the adoption.

3. Inventories

Inventories consist of the following:

March 31,		**2024**		2023
Raw materials	**$**	**421,985**	$	5,845,980
Work-in-process		**2,012,409**		2,769,054
Finished goods		**9,595,615**		5,621,035
Less: reserve for slow-moving or obsolete inventory		**(128,880)**		(2,797,503)
	$	**11,901,129**	$	11,438,566

4. Property and Equipment, Net

Property and equipment, net consists of the following:

March 31,		**2024**		2023	Estimated Useful Life (Years)
Land and improvements	**$**	**234,143**	$	234,143	0-20
Building and improvements		**4,913,419**		4,913,419	7-20
Machinery and equipment		**5,490,768**		5,356,094	5-12
Furniture and fixtures		**284,278**		280,736	3-10
Construction-in-process		**80,025**		30,961	
		11,002,633		10,815,353	
Less: accumulated depreciation		**(9,469,385)**		(9,308,837)	
	$	**1,533,248**	$	1,506,516	

Construction-in-process as of March 31, 2024 and March 31, 2023 consists of costs related to installation of new machinery and equipment that has not yet been placed in service.

5. Goodwill and Other Intangibles

Goodwill

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

Year ended March 31,		**2024**		2023
Balance, beginning of year	**$**	**430,375**	$	496,587
Amortization expense		**(66,211)**		(66,212)
Balance, end of year	**$**	**364,164**	$	430,375

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

Year ending March 31,		
2025	$	66,211
2026		66,211
2027		66,211
2028		66,211
2029		66,211
Thereafter		33,109
Total	$	364,164

Other intangible assets consist of the following:

March 31,		**2024**		2023	Estimated Useful Lives (Years)
Patents	**$**	**2,043,943**	$	1,989,963	10-20
Pending patents		**97,936**		437,361	-
Regulatory permitting costs		**142,302**		142,302	10-20
Trademarks		**280,279**		342,097	Indefinite
Tradename		**278,300**		278,300	6
		2,842,760		3,190,023	
Less: accumulated amortization		**(2,010,413)**		(2,031,477)	
	$	**832,347**	$	1,158,546	

Amortization expense of goodwill and intangible assets was $211,780 and $225,520 for the years ended March 31, 2024 and 2023, respectively. Impairment of intangible assets was $181,349 and $27,493 for the years ended March 31, 2024 and 2023, respectively.

The Company will begin amortizing $97,936 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,		
2025	$	110,000
2026		76,000
2027		62,000
2028		45,000
2029		44,000
Thereafter		13,000
	$	350,000

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 $1,087,671 at March 31, 2024 include trade accounts payable for inventory purchases to the Parent.

Related-party payables of $3,483,930 at March 31, 2023 include trade accounts payable for inventory purchases to the Parent of $2,457,271 and amounts owed to Alimtec S.A. and Algavista Green Biotech, entities under common ownership with the Parent, of $1,024,134 and $2,525, respectively.

Other Related-Party Transactions

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

For the year ended March 31, 2023, the Company purchased product from the Parent, Alimtec S.A., and Algavista of approximately $3,790,000, $419,000 and $14,000, respectively. Approximately 22%, 2%, and less than 1% respectively, of the Company's purchases for the year ended March 31, 2023 were from the Parent, Alimtec S.A., and Algavista.

7. Lines of Credit

On April 22, 2022, the Company entered into a revolving line of credit with a new lender for maximum borrowings of $15,500,000 with original term date of July 2023, bearing interest at the Secured Overnight Financing Rate (SOFR) plus 0.08%. During the year ended, March 31, 2024, the line was extended to mature in July 2024, and the interest rate was modified to SOFR plus 1.5% (6.85% as of March 31, 2024). The line is secured by a standby letter of credit totaling $15,500,000. The line of credit does not require compliance with any financial covenants. As of March 31, 2024, the outstanding balance on the line of credit is $9,500,000 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 18%, 13%, and 12% of total revenues for the year ended March 31, 2024. The Company had three customers that accounted for approximately 19%, 18%, and 10% of total revenues for the year ended March 31, 2023. The Company had three customers that accounted for 24%, 17%, and 12% of accounts receivable at March 31, 2024. The Company had two customers that accounted for 32% and 9% of accounts receivable at March 31, 2023.

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, 2024 and 2023, the Company made approximately $79,000 and $87,000, respectively, in employer matching contributions, which are included in employee benefits on the accompanying consolidated statements of operations.

10. Commitments and Contingencies

During the year, the Company entered into a contractual arrangement with Basic Brands Inc. for the sale of its Flomentum trademark asset, as an existing model from "B2C" in relation to this asset. According to the terms outlined in the agreement, Basic Brands Inc. assumes the full ownership rights, title, and interest in the aforementioned asset. Furthermore, under the terms of the agreement, the Company transfers all associated intellectual property rights, title, and interests to the Basic Brands Inc. The agreed-upon purchase price for this transaction was $200,000. In pursuant to this agreement, the Company is obligated to the buyer with exclusive license within the granted territory and field of use and a limited, non-exclusive license within the granted territory and outside the field of use to use the licensed materials on or in connection with marketing, advertising, packaging, sale, distribution and labeling of products containing the products. In conjunction with this agreement, the Company signed a supplier agreement to supply the finished product to Basic Brands Inc.

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:

Year ended March 31,		**2024**		2023
Current				
Federal	**$**	**19,889**	$	-
State		**2,537**		-
Total Income Tax Expense	**$**	**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.

Deferred tax asset consists of the following:

March 31,	**2024**	2023
Depreciation on property and equipment	$ **179,632**	$ 195,607
Amortization of intangible assets	**133,085**	108,056
Accounts receivable allowance	**-**	10,569
Inventory reserve	**11,522**	684,883
Accrued salaries and wages	**122,606**	126,405
Accrued expenses	**78,656**	97,718
Patent pending reserve	**-**	136,894
UNICAP	**27,531**	25,886
Income from partnership	**-**	57,329
Excess business interest expense	**209,341**	97,479
Operating loss carryforward	**690,771**	822,655
Total Deferred Tax Asset	**1,453,144**	2,363,481
Valuation allowance	**(1,453,144)**	(2,363,481)
Net Deferred Tax Asset	**$ -**	$ -

As of March 31, 2024 and 2023, the Company had federal net operating losses (NOL) of $2,853,054 and $3,419,440, 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 $22,426 income tax expense being recorded during the year ended March 31, 2024. The valuation allowance decreased by $910,337 and increased by $825,313 during the years ended March 31, 2024 and 2023, respectively.

12. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2024 as of May 14, 2024, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after May 14, 2024 have not been evaluated by management. No material events have occurred since March 31, 2024 that require recognition or disclosure in the consolidated financial statements, except as follows.

On May 9, 2024, the Company obtained an agreement to renew the revolving line of credit (Note 7) with the same lender for an amount not to exceed approximately $15,500,000 to replace the line of credit expiring on July 31,2024. The renewed line of credit has a maturity date of 15 months from date of approval up to August 8, 2025, and the outstanding principal balance of the loan accrues interest pursuant to SOFR plus 1.5% per annum.