

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850

990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

Table of contents

Independent Accountant's Compilation Report	3
Consolidated Financial Statements	4
<i>Consolidated balance sheets</i>	<i>5</i>
<i>Consolidated statements of comprehensive income</i>	<i>6</i>
<i>Consolidated statement of changes in member's equity</i>	<i>7</i>
<i>Consolidated statements of cash flows</i>	<i>8</i>



Independent Accountant's Compilation Report

The Member,
Namaste Laboratories LLC and Subsidiaries
Chicago, Illinois

Management is responsible for the accompanying consolidated financial statements of Namaste Laboratories LLC and Subsidiaries ('the Company'), which comprise the consolidated balance sheets as of March 31, 2020 and March 31, 2019 and the related consolidated statements of comprehensive income, changes in member's equity and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States. If the omitted disclosures were included in the consolidated financial statements, they might influence the user's conclusions about the Company's consolidated financial position, consolidated results of operations, and consolidated cash flows. Accordingly, the consolidated financial statements are not designed for those who are not informed about such matters.

KNAV P.A.

Atlanta, Georgia
Date: July 23, 2020

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

Consolidated Financial Statements

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

Consolidated balance sheets*(All amounts in United States Dollars, unless otherwise stated)*

	As at	
	March 31, 2020	March 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	3,786,205	1,638,410
Accounts receivable, net	9,661,804	12,752,860
Inventories	5,877,146	9,243,591
Due from related parties	2,644,828	4,101,415
Prepaid expenses and other current assets	1,591,246	1,683,854
Total current assets	\$ 23,561,229	29,420,130
Property and equipment, net	638,156	660,297
Deferred tax assets	2,005	2,056
Other assets	4,353,512	4,351,988
Total assets	\$ 28,554,902	34,434,471
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	2,401,274	2,707,756
Due to related parties	4,126,608	6,236,034
Other current liabilities	8,029,572	7,294,090
Total current liabilities	\$ 14,557,454	16,237,880
Total liabilities	\$ 14,557,454	16,237,880
Member's equity		
Member's equity	901,185	901,185
Retained earnings	10,678,091	15,572,326
Additional paid in capital	786,756	738,408
Accumulated other comprehensive income	1,631,416	984,672
Total member's equity	\$ 13,997,448	18,196,591
Total liabilities and member's equity	\$ 28,554,902	34,434,471

(See independent accountant's compilation report)

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

Consolidated statements of comprehensive income*(All amounts in United States Dollars, unless otherwise stated)*

	For the year ended	
	March 31, 2020	March 31, 2019
Revenues, net of allowances & rebates	69,724,757	62,587,301
Cost of revenues	42,742,288	38,432,693
Gross profit	\$ 26,982,469	24,154,608
Costs and expenses		
Salaries and other employee benefits	6,750,814	7,251,159
Legal and professional expenses	1,510,233	1,002,874
Research and development expenses	212,549	395,932
Depreciation and amortization expense	192,222	210,719
Selling, general and administrative expenses	15,826,683	14,042,154
Total operating costs and expenses	\$ 24,492,501	22,902,838
Operating income	2,489,968	1,251,770
Other income		
(Loss) gain on foreign currency transactions	(68,063)	64,838
Other miscellaneous income	106,485	27,680
Total other income	\$ 38,422	92,518
Income before tax	2,528,390	1,344,288
Current tax expense	133,036	42,345
Deferred tax expense	680	584
Net income for the year	\$ 2,394,674	1,301,359
Other comprehensive income		
Foreign currency translation adjustment	646,744	(134,892)
Net comprehensive income for the year	\$ 3,041,418	1,166,467

(See independent accountant's compilation report)

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements
 March 31, 2020 and March 31, 2019

Consolidated statements of changes in member's equity

(All amounts in United States Dollars, unless otherwise stated)

Member's equity as at April 01, 2018

Net income for the year
 Employee stock option expenses
 Foreign currency translation adjustment
 Distribution to member

Member's equity as at March 31, 2019

Net income for the year
 Employee stock option expenses
 Foreign currency translation adjustment
 Distribution to member

Member's equity as at March 31, 2020

(See independent accountant's compilation report)

	Member's equity	Retained earnings	Accumulated other comprehensive loss	Additional paid in capital	Total member's equity
	901,185	14,820,967	1,119,564	564,331	17,406,047
Net income for the year	-	1,301,359	-	-	1,301,359
Employee stock option expenses	-	-	-	174,077	174,077
Foreign currency translation adjustment	-	-	(134,892)	-	(134,892)
Distribution to member	-	(550,000)	-	-	(550,000)
	\$ 901,185	15,572,326	984,672	738,408	18,196,591
Net income for the year	-	2,394,674	-	-	2,394,674
Employee stock option expenses	-	-	-	48,348	48,348
Foreign currency translation adjustment	-	-	646,744	-	646,744
Distribution to member	-	(7,288,909)	-	-	(7,288,909)
	\$ 901,185	10,678,091	1,631,416	786,756	13,997,448

Namaste Laboratories LLC and Subsidiaries

Consolidated Financial Statements

March 31, 2020 and March 31, 2019

Consolidated statements of cash flows*(All amounts in United State Dollars, unless otherwise stated)*

	Year ended	
	March 31, 2020	March 31, 2019
Cash flows from operating activities		
Net income	\$ 2,394,674	1,301,359
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Unrealized foreign exchange (gain) loss	267,641	(350,086)
Depreciation and amortization	192,222	209,527
Allowance for doubtful debts	403,115	279,358
Employee stock option expenses	48,348	174,077
Deferred tax expense	680	584
Changes in operating assets and liabilities:		
Accounts receivables	6,761,269	(1,093,011)
Inventories, including goods-in-transit	3,248,237	(1,865,766)
Prepaid expenses and other current assets	107,899	(877,129)
Due from related party	3,841,430	(3,993,352)
Accounts payable	(4,581,780)	(690,490)
Accrued expenses and other current liabilities	824,626	3,977,744
Other liabilities	-	(1,655,822)
Due to related party	(3,897,192)	4,626,405
Other non-current assets	(1,523)	(49,400)
Net cash provided by (used in) operating activities	\$ 9,609,646	(6,002)
Cash flows from investing activities		
Purchase of property and equipment	(168,809)	(19,059)
Net cash used in investing activities	\$ (168,809)	(19,059)
Cash flows from financing activities		
Distribution to parent company	(7,288,909)	(550,000)
Net cash used in financing activities	\$ (7,288,909)	(550,000)
Net increase (decrease) in cash and cash equivalents	2,151,928	(575,061)
Cash and cash equivalents, beginning of year	1,638,410	2,229,760
Effect of foreign currency translation	(4,133)	(16,289)
Cash and cash equivalents, end of year	\$ 3,786,205	1,638,410
Supplemental cash flow information		
Income taxes paid	157,497	25,529

(See independent accountant's compilation report)