

**AVT NATURAL NORTH AMERICA, INC.**

Financial Statements  
and Supplemental Schedule

*For the year ended March 31, 2024*

*With  
Independent Auditors' Report and Accompanying Notes*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder  
of AVT Natural North America, Inc.

### **Opinion**

We have audited the accompanying financial statements of AVT Natural North America, Inc. (a Delaware corporation), which comprise the balance sheet as of March 31, 2024, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AVT Natural North America, Inc. as of March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 AVT Natural North America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AVT Natural North America, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 AVT Natural North America, Inc'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AVT Natural North America, Inc'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.

*Chugh CPAs LLP*

Chugh CPAs LLP

Santa Clara, CA

May 10, 2024

**AVT NATURAL NORTH AMERICA, INC.**  
**BALANCE SHEET**  
**AS OF MARCH 31, 2024**

ASSETS	
CURRENT ASSETS	
Cash	\$ 175,045
Accounts receivable, net	699,113
Other receivables	83,547
Prepaid insurance	4,325
TOTAL CURRENT ASSETS	962,030
Property & Equipment, at cost	2,009
Less: Accumulated Depreciation	(1,029)
PROPERTY & EQUIPMENT, NET	980
TOTAL NON CURRENT ASSETS	980
TOTAL ASSETS	\$ 963,010
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 638,935
Accrued expenses	10,617
Provision for taxes	39,447
TOTAL CURRENT LIABILITIES	688,999
TOTAL LIABILITIES	688,999
STOCKHOLDER'S EQUITY	
Common Stock	60,000
Retained Earnings	214,011
TOTAL STOCKHOLDER'S EQUITY	274,011
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	\$ 963,010

**AVT NATURAL NORTH AMERICA, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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REVENUE

Sales & Service revenue, net \$ 1,550,984

Cost of goods sold 1,379,837

GROSS PROFIT 171,147

Selling, general & administrative expenses (Schedule A) 23,749

OPERATING PROFIT 147,398

Other Income 613

PROFIT BEFORE INCOME TAX 148,011

Income tax expense (35,201)

NET PROFIT \$ 112,810

**AVT NATURAL NORTH AMERICA, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Common Stock</u>		<u>Additional Paid</u>	<u>Retained</u>	<u>Total</u>
	<u># of Shares</u>	<u>Amount</u>	<u>in Capital</u>	<u>Earnings</u>	<u>Stockholder's</u>
					<u>Equity</u>
Balance, March 31, 2023	6,000	\$ 60,000		\$ 101,201	\$ 161,201
Net Income				112,810	112,810
Balance, March 31, 2024	6,000	\$ 60,000	-	\$ 214,011	\$ 274,011

**AVT NATURAL NORTH AMERICA, INC.**  
**STATEMENT OF CASH FLOWS**  
**AS OF MARCH 31, 2024**

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CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 112,810
Provided by operating activities:	
Depreciation	386
(Increase) decrease in operating assets:	
Accounts receivable, net	(193,298)
Other receivables	(17,876)
Prepaid expenses	912
Increase (decrease) in operating liabilities:	
Accounts payable	183,642
Accrued expenses	(21,174)
Provision for taxes	18,372
	<hr/>
Net cash provided by operating activities	83,775
NET INCREASE IN CASH	<hr/> 83,775
CASH, beginning of year	<hr/> 91,270
CASH, at end of year	<hr/> <u>\$ 175,045</u>

Supplemental disclosure of cash flow information  
Taxes paid, net of refunds

\$ 16,555



## **NOTE 1 – DESCRIPTION OF BUSINESS**

AVT Natural North America, Inc. (the “Company”) was incorporated in the state of Delaware on 25th March 2020. The Company is a wholly owned subsidiary of AVT Natural Europe Limited, UK.

The Company is engaged in the sales & marketing of natural, plant based, ingredients manufactured in India by AVT Natural Products Limited (AVT), India. The Company services both the food & feed ingredient markets. The Company’s vision is to be a leading natural ingredients solution provider.

The Company plays a critical role in business development, engaging with key clients, distributors, and research partners.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation*

The accompanying financial statements have been prepared on accrual basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Company uses the accrual method of accounting for income tax reporting.

### *Use of estimates*

The preparation of financial statements and the related disclosures in conformity with generally accepted accounting principles in the United States of America (“GAAP”), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and revenue and expenses during the period reported. Actual results may differ from these estimates. Estimates are used in accounting for among other things, allowances for uncollectible receivables, depreciation, and taxes. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

### *Revenue Recognition*

The Company recognizes revenues on delivery of goods to the customers in an amount that reflects the consideration which is expected to be entitled to in exchange for those goods. The Company recognizes revenues in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 606, Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized when the following steps have been fulfilled:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled receivables or deferred revenues in the accompanying balance sheet. When there is no identifiable contract, the Company recognizes revenue in the amount of consideration received when the Company has transferred control of the goods. The Company does not have any unbilled or deferred revenues as on March 31, 2024.

**AVT NATURAL NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

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Contract assets

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) on the Balance Sheet. The contract balances as of March 31, 2024 were as follows:

<b>Particulars</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Accounts receivable	\$699,113	\$505,815

Cost of goods sold

Cost of goods sold primarily includes purchase cost of finished goods.

Cash

Cash and cash equivalents generally consist of cash in bank. As of March 31, 2024, the Company's cash balance is \$175,045.

Accounts Receivable

Accounts receivable, net of allowance for doubtful accounts, represents amounts due from customers for the services provided and are recorded at the invoiced amount and do not bear interest. The Company extends credit to its customers in the normal course of business. The Company performs ongoing evaluation of its existing receivables and evaluation of periodic aging of the accounts to estimate allowance for potential credit losses. Losses are written off against the allowances when determined to be uncollectable. There are no allowances for doubtful accounts as of March 31, 2024.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided principally on a straight-line method over the estimated useful life of the assets. The estimated useful lives of assets are as follows:

Computer and accessories	5 years
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Inventories

The Company does not have any inventory as on March 31, 2024.

Accounts Payable

Accounts payable are recorded when goods or benefits are received.

**AVT NATURAL NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

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Income Taxes

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109) “*Accounting for Income Taxes*”, which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Fair value measurements

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 unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company does not have any Level 1, 2 or 3 financial instruments as of the reporting dates. 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 accounts receivable, accounts payable and accrued liabilities.

**NOTE 3 – CONCENTRATION OF RISKS**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of Cash and cash equivalents and accounts receivable.

As of March 31, 2024, cash and cash equivalents consist of cash deposited with a financial institution that management believes are of high-credit quality. The Company is exposed to credit risk in the event of default by the domestic financial institution to the extent that Cash and cash equivalents are in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company has never experienced any losses related to these balances.

**AVT NATURAL NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

Accounts Receivables and Sales

As of March 31, 2024, the accounts receivable balance was \$699,113. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential uncollectable accounts as deemed necessary. The Company generally does not require collateral to secure its accounts receivable. It estimates credit losses based on management’s evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of March 31, 2024.

The Company’s revenues and accounts receivable from its major customers as of March 31, 2024 are as follows:

Clients	Revenue	Accounts Receivable
	Percentage of total	Percentage of total
A	65%	57%
B	17%	37%

Concentration of credit risk on accounts receivable is high due to small number of customers comprising the Company’s customer base.

**NOTE 4 - PROPERTY AND EQUIPMENT**

As of March 31, 2024, property and equipment consist of the following:

Computers & equipment	\$ 2,009
Less: accumulated depreciation	(1,029)
<b>Property and equipment, net</b>	<b>\$ 980</b>

Depreciation expense is \$386 for the year ended March 31, 2024.

**NOTE 5 – ACCRUED EXPENSES**

Accrued expenses for the fiscal year ending March 31, 2024 as follows:

Legal & Professional Fees	\$ 10,000
Salary & Wages Payable	617
<b>Total accrued expenses</b>	<b>\$ 10,617</b>

**AVT NATURAL NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

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**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Company is a wholly owned subsidiary of AVT Natural Europe Limited, United Kingdom.

AVT Natural Europe Limited, UK is a subsidiary of AVT Natural Products Limited, India.

AVT Natural FZCO, UAE is a subsidiary of AVT Natural Products Limited, India.

The Company has entered into an Agreement with AVT Natural Europe Limited, United Kingdom and AVT Natural Products Limited, India, wherein the Company undertakes the marketing of natural ingredients in North America from time to time. In consideration of these activities, AVT Natural Europe Limited, United Kingdom and AVT Natural Products Limited, India agree to reimburse the cost related to the employees directly involved in marketing of the products.

The Company purchases goods from AVT Natural FZCO, UAE for resale in USA. The Company has entered into an agreement for the same with AVT Natural FZCO, UAE.

<b>AVT Natural Europe Limited, UK</b>	<b>Amount</b>
Reimbursed expenses	\$ 184,039

<b>AVT Natural Products Limited, India</b>	<b>Amount</b>
Reimbursed expenses	\$ 247,295
Other Receivables	83,547
Accounts Payable	800
Purchases	\$ 3,110

<b>AVT Natural FZCO, UAE</b>	<b>Amount</b>
Purchases	\$ 1,376,726
Accounts Payable	\$ 638,133

**NOTE 7 – INCOME TAXES**

The provision for income taxes consists of the following for the year ending March 31, 2024:

<b>Current taxes:</b>	<b>Amount</b>
Federal	\$ 31,082
State	8,365
<b>Total Current Taxes</b>	<b>\$ 39,447</b>

**NOTE 8 – CONTINGENCIES**

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company’s activities. Legal reserves are established in accordance with FASB ASC 450 (formerly known as SFAS No. 5), “Accounting for Contingencies”. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of March 31, 2024.

**NOTE 9 – STOCKHOLDER’S EQUITY**

The Company is authorized to issue 10,000 shares with no par value. The Company had 6000 shares of common stock issued and outstanding at the beginning of the year. During the year, no shares have been issued. The Company has 6,000 shares of common stock issued and outstanding as at March 31, 2024.

**NOTE 10 – SUBSEQUENT EVENTS**

As required under FASB ASC 855 “Subsequent Events” (formerly FAS 165), the Company is required to disclose events and transactions after balance sheet date but before the financial statements are available to be issued.

The Company has evaluated the subsequent events until May 10, 2024 which is the date the financial statements are available for issue.



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INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholder  
of AVT Natural North America, Inc.

We have audited the financial statements of AVT Natural North America Inc. as of and for the year ended March 31, 2024, and our report thereon dated May 10, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1 & 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedule A: Statement of selling, general and administrative expenses are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Chugh CPAs LLP*

Chugh CPAs LLP  
Santa Clara, CA  
May 10, 2024

**AVT NATURAL NORTH AMERICA, INC.**  
**SCHEDULE A**  
**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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Bank service charges	\$	1,478
Depreciation expense		386
Dues & subscription		1,238
Insurance		5,877
Legal & professional expenses		13,755
Rates & Taxes		<u>1,014</u>
<b>TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>\$</b>	<b><u><u>23,749</u></u></b>