

AVT NATURAL NORTH AMERICA, INC.

Financial Statements
and Supplemental Schedule

For the year ended March 31, 2023

*With
Independent Auditors' Report and Accompanying Notes*

CONTENTS	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statements of Operations	4
Statements of Changes in Stockholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11
SUPPLEMENTAL INFORMATION	
Independent Auditors' Report on Supplementary Information	12
Schedule A: Selling, General and Administrative Expenses	13



TAX | ACCOUNTING | AUDIT | CONSULTING

1600 DUANE AVENUE, SANTA CLARA, CA 95054 | TEL 408.970.0100 | FAX 408.970.0200 | WWW.CHUGH.NET

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder
of AVT Naturals 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, 2023, 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, 2023, 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 09, 2023

AVT NATURAL NORTH AMERICA, INC.
BALANCE SHEET
AS OF MARCH 31, 2023

ASSETS	
CURRENT ASSETS	
Cash	\$ 91,270
Accounts receivable, net	505,815
Other receivables	65,671
Prepaid expenses	5,237
TOTAL CURRENT ASSETS	<u>667,993</u>
Property & Equipment, at cost	2,009
Less: Accumulated Depreciation	(643)
PROPERTY & EQUIPMENT, NET	<u>1,366</u>
TOTAL NON CURRENT ASSETS	<u>1,366</u>
TOTAL ASSETS	<u><u>\$ 669,359</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 455,293
Accrued expenses	31,791
Provision for taxes	21,075
TOTAL CURRENT LIABILITIES	<u>508,158</u>
TOTAL LIABILITIES	<u>508,158</u>
STOCKHOLDER'S EQUITY	
Common Stock	60,000
Retained Earnings	101,201
TOTAL STOCKHOLDER'S EQUITY	<u>161,201</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u><u>\$ 669,359</u></u>

AVT NATURAL NORTH AMERICA, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

REVENUE

Sales & Service revenue, net \$ 1,189,410

Cost of goods sold 1,090,775

GROSS PROFIT 98,636

Selling, general & administrative expenses (Schedule A) 20,019

PROFIT BEFORE INCOME TAX 78,616

Income tax expense 20,753

NET PROFIT \$ 57,863

AVT NATURAL NORTH AMERICA, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

	<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, 2022	6,000	\$ 60,000		\$ 43,338	\$ 103,338
Net Income				57,863	57,863
Balance, March 31, 2023	6,000	\$ 60,000	-	\$ 101,201	\$ 161,201

AVT NATURAL NORTH AMERICA, INC.
STATEMENT OF CASH FLOWS
AS OF MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	57,863
Provided by operating activities:		
Depreciation		643
(Increase) decrease in operating assets:		
Accounts receivable, net		(193,184)
Other receivables		(64,822)
Prepaid expenses		(1,670)
Increase (decrease) in operating liabilities:		
Accounts payable		181,826
Accrued expenses		17,987
Provision for taxes		14,982
		<hr/>
Net cash provided by operating activities		13,626

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of PPE		<hr/> (2,009)
Net cash used in investing activities		(2,009)

NET INCREASE IN CASH		<hr/> 11,617
CASH, beginning of year		<hr/> 79,653
CASH, at end of year	\$	<hr/> <hr/> 91,270

AVT NATURAL NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

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. AVT Natural North America Inc. services both the food & feed ingredient markets. The Company’s vision is to be a leading natural ingredients solution provider.

AVT Natural North America Inc. 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.

Cash

Cash consists of cash held in Bank account. As of March 31, 2023, the Company’s cash balance is \$91,270.

Accounts Receivable

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, 2023.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided principally on a straight-line method over the estimated useful life of the assets.

AVT NATURAL NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

The cost of significant additions and replacement of components is capitalized and depreciated while expenditures for maintenance and repairs are charged to expense as incurred. The estimated useful lives of assets are as follows:

Computer and accessories	5 years
--------------------------	---------

Inventories

The Company does not have any inventory as on March 31, 2023.

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.

NOTE 3 – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic. COVID 19 has spread across most of the world including the United States of America where the Company has its operations. However, the Company’s operations in terms of revenue had not affected significantly for the current year. In assessing the recoverability of its receivables, the Company has considered internal and external information up to the date of approval of these financial statements. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions.

NOTE 4 – REVENUE RECOGNITION

Revenue Recognition

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

AVT NATURAL NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

when the Company has transferred control of the goods. The Company does not have any unbilled or deferred revenues as on March 31, 2023.

Sale of Goods

The Company recognizes revenue when products are dispatched to its customers and an invoice is raised for the same.

Cost of goods sold

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

Contract assets

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) on the Balance Sheet.

Particulars	March 31, 2023	March 31, 2022
Accounts receivable	\$505,815	\$312,632

NOTE 4 – CONCENTRATION OF RISKS

Accounts Receivables and Sales

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, 2023.

The Company's revenues and accounts receivable from its major customers as of March 31, 2023 are as follows:

Clients	Revenue	Accounts Receivable
	Percentage of total	Percentage of total
A	42%	40%
B	33%	39%

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

The Company has Other Receivables from its related parties towards the reimbursement of employee related costs.

AVT NATURAL NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 5 – PREPAID EXPENSES

Prepaid expenses include the insurance expense & dues & subscription. The prepaid expenses as on March 31, 2023 are as follows:

Insurance Expenses	\$ 3,999
Dues & Subscription	1,238
Total prepaid expenses	\$ 5,237

NOTE 6 – ACCRUED EXPENSES

Accrued expenses for the fiscal year ending March 31, 2023 as follows:

Audit Fees	\$ 9,000
Salary & Wages Payable	22,791
Total accrued expenses	\$ 31,791

NOTE 7 – RELATED PARTY TRANSACTIONS

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

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

The Company has entered into an Agreement with AVT Natural Europe Limited, UK 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 and AVT Natural Products Limited agree to reimburse the entire employee related costs of employees directly involved in marketing of the products of AVT Natural Europe Limited and AVT Natural Products Limited.

AVT Natural Europe Limited, UK	Amount
Reimbursement of expenses	\$ 167,673
Purchases	1,087,900
Other Receivables	15,358
Accounts Payable	\$ 455,293

AVT Natural Products Limited, India	Amount
Reimbursement of expenses	\$ 227,512
Other Receivables	50,312
Purchases	\$ 2,875

AVT NATURAL NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 8 – INCOME TAXES

The provision for income taxes consists of the following for the year ending March 31, 2023:

Current taxes:	Amount
Federal	\$ 16,555
State	4,198
Penalty	322
Total Current Taxes	\$ 21,075

NOTE 9 – 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, 2023.

NOTE 10 – STOCKHOLDER'S EQUITY

The Company is authorized to issue 10,000 shares with no par value. The Company has 6000 shares of common stock issued and outstanding at the beginning of the year. No new common stock is issued during the year.

NOTE 11 – 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 09, 2023 which is the date the financial statements are available for issue.



TAX | ACCOUNTING | AUDIT | CONSULTING

1600 DUANE AVENUE, SANTA CLARA, CA 95054 | TEL 408.970.0100 | FAX 408.970.0200 | WWW.CHUGH.NET

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, 2023, and our report thereon dated May 09, 2023, 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 09, 2023

AVT NATURAL NORTH AMERICA, INC.
SCHEDULE A
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

Bank service charges	1,206
Depreciation expense	643
Dues & subscription	310
Insurance	4,598
Legal & professional expenses	12,499
Penalties	763
	<hr/>
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u><u>\$ 20,019</u></u>