ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

MARCH 31, 2022

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders' of
ADF Holdings (USA) Ltd.

Opinion

We have audited the accompanying consolidated financial statements of ADF Holdings (USA) Ltd. (a Corporation) and its Subsidiaries, which comprise the consolidated balance sheet as of March 31, 2022, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of ADF Holdings (USA) Ltd. and its Subsidiaries, as of March 31, 2022, 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 (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 ADF Holdings (USA) Ltd. and its Subsidiaries, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 ADF Holdings (USA) Ltd. and its Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

(Cont.)

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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 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 ADF Holdings (USA) Ltd. and its Subsidiaries' 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 ADF Holdings (USA) Ltd. and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

(Cont.)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont.)

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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 29 through 30 inclusive, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the audit procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Funaro & Co., P.C.

New York, N.Y.

May 9, 2022

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

ASSETS

Current assets		
Cash and cash equivalents (Note 1)	$	2,999,795
Accounts receivable (Note 1)		2,176,307
Inventories (Notes 1 and 3)		5,270,169
Due from ADF Foods Ltd. (Note 14)		80,000
Other current receivables		700,355
Prepaid expenses and taxes		335,375
Total current assets		11,562,001
Property and equipment, at cost (Notes 1 and 2)		
Machinery and equipment		98,712
Furniture and fixtures		13,751
Computer equipment		6,765
Leasehold improvements		81,735
Total property and equipment		200,963
Less: accumulated depreciation and amortization		(21,823)
Total property and equipment, net		179,140
Right of use assets (ROU) (Note 8)		
ROU Assets - operating lease		7,125,669
Less: Accumulated amortization		(539,214)
ROU Assets - finance lease		155,741
Less: Accumulated amortization		(10,386)
ROU assets, net		6,731,810
Other assets		
Goodwill, net (Note 9)		3,060,419
Security deposits		108,051
Deferred tax assets (Notes 1 and 7)		511,471
Total other assets		3,679,941
Total assets	$	22,152,892

See independent auditor's report and notes to consolidated financial statements.

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	$	975,457
Accounts payable group parent		1,135,970
Accounts payable minority members		105,070
Lease liability - operating - current (Note 8)		622,539
Lease liability - finance - current (Note 8)		29,123
Loan payable - current (Note 12)		500,000
Accrued expenses and other payables		256,747
Line of credit		133,178
Due to employees		15,194
Total current liabilities		3,773,278
Long-term liabilities		
Lease liability - operating - non-current (Note 8)		6,295,733
Lease liability - finance - non-current (Note 8)		117,058
Sub-tenant deposit		35,000
Loan payable - non-current (Note 12)		1,416,667
Total long-term liabilities		7,864,458
Total liabilities		11,637,736
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock: Authorized 100,000 shares Issued and outstanding 48,697 shares $0.001 par value		49
Common stock: Authorized 100,000 shares Issued and outstanding 12,000 shares $0.001 par value		12
Additional paid-in capital (Note 11)		13,415,072
Treasury stock (11,152 shares) (Note 1)		(622,040)
Accumulated deficit		(2,611,192)
Non-controlling interest		333,255
Total stockholders' equity		10,515,156
Total liabilities and stockholders' equity	$	22,152,892

See independent auditor's report and notes to consolidated financial statements.

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2022

Net sales (Note 1)	$	16,916,884
Cost of goods sold		12,781,187
Gross profit		4,135,697
Operating expenses		2,772,572
Operating income		1,363,125
Other income (expense)		
Reimbursed expenses from group Parent (Note 14)		80,000
Depreciation expense (Note 1)		(11,079)
ROU - Amortization - finance lease		(10,386)
ROU - Interest expense - finance lease		(1,980)
ROU - Lease expense - operating lease		(714,574)
Other		40,152
Goodwill amortization (Note 9)		(189,581)
Interest expense		(24,294)
Total other expense, net		(831,742)
Income before income tax expense		531,383
Income tax expense (Note 10)		(232,402)
Net income before non-controlling interest		298,981
Net income attributable to non-controlling interest		(33,255)
Net income		265,726

See independent auditor's report and notes to consolidated financial statements.

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

	Preferred stock	Common stock	Additional paid-in capital	Treasury stock	Comprehensive income	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interest	Total
Balances as of April 1, 2021	$ 26	$ 12	$11,165,095	$ (622,040)	$	$ (2,777,845)	$ (98,989)	$	$ 7,666,259
Reclass of accumulated other comprehensive loss from initial equity investment						(98,989)	98,989		
Additional contribution	23		2,249,977						2,250,000
Capital contributed								300,000	300,000
Share of earnings for the year								33,255	33,255
Preference share dividend						(84)			(84)
Net income					265,726	265,726			265,726
Total income					265,726				265,726
Balances as of March 31, 2022	$ 49	$ 12	$13,415,072	(622,040)		$ (2,611,192)	$	$ 333,255	$ 10,515,156

Preferred stock

Series A Preferred Stock 10,000 shares par value $0.001 per share issued at $622.50 per share on December 10, 2015.
Series A Preferred Stock redumption and cancellation of 803 shares at issue price on May 25, 2017.
Series B Preferred Stock 1,000 shares par value $0.001 per share issued at $415.00 per share on March 31, 2017.
Series C Preferred Stock 1,000 shares par value $0.001 per share issued at $100.00 per share on March 31, 2019.
Series D Preferred Stock 10,000 shares par value $0.001 per share issued at $115.00 per share on November 11, 2019.
Series E Preferred Stock 5,000 shares par value $0.001 per share issued at $100.00 per share on July 9, 2020.
Series F Preferred Stock 22,500 shares par value $0.001 per share issued at $100.00 per share on February 16, 2022.

See independent auditor's report and notes to consolidated financial statements.

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

Cash flows from operating activities:		
Net income	$	265,726
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		11,079
Goodwill amortization		189,581
Deferred taxes		78,467
ROU - Amortization - finance lease		10,386
ROU - Interest expense - finance lease		1,980
ROU - Lease expense - operating lease		714,574
Non-controlling interest		33,255
Changes in operating assets and liabilities		
Accounts receivable		(774,264)
Inventories		842,700
Other receivables and taxes		(1,081,242)
Accounts payable, accrued expenses and taxes		(276,832)
Total adjustments		(250,316)
Net cash provided by operating activities		15,410
Cash flows from investing activities:		
Purchases of property and equipment		(189,963)
Payment towards goodwill		(1,250,000)
Sub-tenant deposit		35,000
Lease payments		(394,297)
Security deposits		(104,500)
Net cash used in investing activities		(1,903,760)
Cash flows from financing activities:		
Preference dividend		(78)
Loan paid		(83,333)
Parent contribution towards additional preference shares		2,250,000
Line of credit		133,178
Net cash provided by financing activities		2,299,767
Net increase in cash and cash equivalents		411,417
Cash and cash equivalents - beginning		2,588,378
Cash and cash equivalents - ending	$	2,999,795
Supplemental disclosures of cash flow information:		
Cash paid during the year: Interest	$	0
Income taxes	$	147,250
Non-cash investing activity:		
ROU- assets		7,281,410
Goodwill capitalized against loan payable		2,000,000
Non-cash financing activity:		
Lease liability	$	7,281,410
Inventory contribution by non-controlling interest	$	300,000

See independent auditor's report and notes to consolidated financial statements.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Company overview

ADF Holdings (USA) Ltd. (the "Company") was incorporated on September 29, 2010 under the laws of the State of Delaware. The Company is a wholly owned subsidiary of ADF Foods (UK) Ltd. (the "Parent"), a company incorporated in United Kingdom which is ultimately owned by ADF Foods Ltd., a company incorporated in India. The Company has no other material operations apart from managing its subsidiary. The Company owned eighty nine percent (89%) of ADF Foods (USA) Ltd., a Delaware Corporation and the remaining eleven percent (11%) that was previously owned by Peter Sartorio (5%) and The Mark Cooley and Joan D' Ambrosio Revocable Trust (6%). The 11% equity interest of the minority stockholders was bought back in 2014, to be kept back as treasury stock. Subsequent to the purchase of the shares held by the minority shareholders as treasury stock, the Company effectively now owns 100% of ADF Foods (USA) Ltd.

On November 3, 2010, the Company purchased the inventory, plant, equipment and certain rights from Elena's Food Specialties Inc., a California Corporation pursuant to an Asset Purchase Agreement (the "Purchase Agreement"). The Company's corporate headquarters are located in South San Francisco, California where ADF Foods (USA) Ltd. operated a USDA organic certified facility engaged in the production, marketing and sales of premium natural and organic food products of various food categories with well-known brands including PJ's, Nates, Elena's, and Nonna's sold to retail, private label and food service customers located in the United States and Canada.

In 2015, the ADF Foods (USA) Ltd. shut down its own manufacturing facility in California and sold, leased, transferred and abandoned its fixed assets, raw materials and packaging materials.

In 2015, the ADF Foods (USA) Ltd. entered into a manufacturing and co-packaging agreement with another packaged food manufacturing facility in Cleveland, Ohio for a term of two years.

In 2016, the ADF Foods (USA) Ltd. is engaged in marketing and sales of its premium natural and organic food products of various food categories mentioned above to retail, private label and food service customers located in United States and Canada.

In 2018, the ADF Foods (USA) Ltd. entered into a manufacturing and co-packaging agreement with another packaged food manufacturing facility in Vernon, California for a term of two years.

In 2019, the Company signed an exclusive master distributorship agreement with Unilever, Canada and thereby was appointed as their sole distributor for a portfolio of products to be distributed on the East coast of USA.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT.)

Company overview (cont.)

In September 2021, the Company invested $700,000, representing 70% stake in Vibrant Foods NJ LLC ("the LLC"), a New Jersey Limited Liability Company. The Company acquired the food distribution and supply chain business from Sairam Imports Corporation and Vibrant Enterprises LLC. The LLC began operations effective September 1, 2021. The LLC currently has three members ADF Holdings (USA) Ltd. (70% equity holding), and two individuals Harihar Dubey (22.5% equity holding) and Shirish Kumar Dubey (7.5% equity holding). Since September 1, 2021, the LLC has been consolidated as a majority-owned subsidiary of the Company. The LLC is engaged in the marketing and sales of premium natural and organic food products of various categories with some well-known brands including Unilever, Ashoka, Idhayam, Rasoi Magic, and others being sold to various distributors and grocery stores located in the United States.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company investments, advances, transactions and profits have been eliminated.

Use of estimates in preparing financial statements

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as revenue and expenses during the reporting period. The most significant assumptions and estimates relate to the determination of allowances for returns, credits and doubtful accounts, inventory valuations, depreciation of property and income taxes. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT.)

Concentration of risk

The Company maintains its cash in bank deposit accounts, which at times may exceed the federally insured limits of $250,000 at each banking institution. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable represent amounts due from customers for the goods sold by the Company. The provision for doubtful accounts is determined using historical information and current evaluations of accounts. Accounts receivable of $2,176,307 are shown net of allowance for doubtful accounts of $0 as at March 31, 2022.

Inventories

The inventories consist of finished goods that are valued at the lower of cost (first-in, first-out) or market.

Property and equipment

Property and equipment are stated at cost. Depreciation expense is calculated principally using the straight line method for books and double declining balance method for tax. The depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. The estimated useful lives for computing depreciation are generally as follows:

Machinery and equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	lesser of the lease term or life of the asset

Maintenance and repairs are charged to expense as incurred. Gains or losses arising from retirements or sales of assets are included in income currently. Depreciation begins when assets are placed in service. The depreciation and amortization expense amounted to $11,079 for the year ended March 31, 2022.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT.)

Impairment of long-lived assets

In accordance with Codification 360-10 and 360-20, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company monitors the carrying value of long-lived assets for potential impairment based on whether certain trigger events have occurred. These events include current period losses combined with a history of losses or projection of continuing losses or a significant decrease in the market value of an asset. When a trigger event occurs, an impairment calculation is performed, comparing projected undiscounted future cash flows to the carrying value of an asset. If impairment is identified for long-lived assets to be held and used, discounted future cash flows are compared to the asset's current carrying value. Impairment is recorded when the carrying value exceeds the discounted cash flows.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more-likely-than-not will be realized. In making such determination, the Company considers all available positive and negative evidences, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company were to determine that it would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT.)

Income taxes (cont.)

In July 2006, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation ("FIN") 48, "Accounting for Uncertainty in Income Taxes," which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") 109, "Accounting for Income Taxes." (FASB Accounting Standards Codification™ (ASC or Codification) 740, Income Taxes). FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods.

This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company adopted FIN 48 effective September 29, 2010, its inception.

The Company's management believes that its income tax filing positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to the Company's financial position. Therefore, no reserves for uncertain income tax positions were recorded.

It is the Company's policy to include any interest and penalties related to unrecognized tax benefits in its interest expense and general and administrative expenses, respectively. However, the Company currently has no interest or penalties related to unrecognized tax benefits.

Revenue recognition

Sales are generally recognized when merchandise is shipped to customers.

Concentration of credit risk

For the year ended March 31, 2022, six customers accounted for approximately 41% of sales and they accounted for approximately 62% of the accounts receivable at March 31, 2022.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT.)

Advertising

Advertising and business promotion costs, not having future benefit, are charged to operations when incurred. Advertising and business promotion costs amounted to $451,342 for the year ended March 31, 2022.

Economic dependency

The Company and its Subsidiaries purchased substantially all of its finished goods from three suppliers. As at March 31, 2022, amounts due to these suppliers are 6% of total accounts payable.

Comprehensive income

The Company has adopted SFAS No.130, "Reporting Comprehensive Income". SFAS No. 130 requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income.

NOTE 2 ASSET PURCHASE AGREEMENT

On November 1, 2010, pursuant to the Purchase Agreement, the Company purchased certain assets, rights, and assumed certain liabilities from Elena's Food Specialties Inc., a California Corporation for a total cash purchase price of $900,000. The fair market values assigned to the purchase of the assets and assumption of liabilities are as follows:

Plant, equipment and machinery	$	642,785
Inventories		369,584
Computer equipment		9,383
Leasehold improvements		25,007
Deferred interest		19,481
Capital lease obligation assumed		(166,240)
Total	$	900,000

NOTE 3 INVENTORIES

Inventories as at March 31, 2022 are summarized as follows:

Finished goods, including in-transit	$ 5,270,169
Total	$ 5,270,169

NOTE 4 TRADEMARKS

In December 2010, the Company purchased certain trademarks including “PJ’s”, “Nate’s” and “Elena’s Food Specialties” and any related service marks utilizing those names from ADF Foods (Mauritius) Ltd., an affiliate, for a total purchase price of $4,000,000.

The Company's management conducted an impairment test for its trademarks and recorded an impairment charge amounting to $1,750,000 related to its trademarks for the year ended March 31, 2017. Management had further determined an impairment to its trademarks amounting to $790,000 for the year ended March 31, 2018; $1,410,000 for the year ended March 31, 2019 and $50,000 for the year ended March 31, 2020. The book value of the Trademarks are fully written off as of March 31, 2022.

NOTE 5 PENSION PLAN

From January 1, 2019, the Company established an Employee Retirement 401(k) plan for its employees. Employee contributions are voluntary and are subject to maximum amounts established by the Internal Revenue Code. The Company contributes 3% of the employees’ total salary based upon a predetermined formula. The Company’s contribution to the plan included in the operating expenses amounted to $6,666 for the year ended March 31, 2022.

NOTE 6 DEFERRED INCOME TAXES

Deferred income tax assets result from temporary differences in the recognition of certain revenue and expense items for tax and financial reporting purposes. Following is a summary of significant components of deferred tax assets (liabilities) as at March 31, 2022:

Current	
263A Inventory	$ 33,661
Paid time off accrual	6,300
Net operating loss	252,720
Depreciation expense	185
Trademarks	(634,667)
Impairment of trademarks	840,000
Goodwill amortization	13,272
Total deferred tax assets	$ 511,471

The Company has unused federal net operating loss carryforwards that expire as follows:

Year of loss	Available NOL	Expiring in year
2016	1,139,306	2036
2017	64,105	2037
	$ 1,203,411	

Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. The management of the Company believes that it is more-likely-than-not that all of the deferred tax assets will be realized. As at March 31, 2022, the Company has provided a valuation allowance of $0. The Company is subject to taxation in the United States of America ("U.S.") and seven U.S. States. As at March 31, 2022, the Company's tax years for 2019, 2020 and 2021 are subject to examination by the tax authorities.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Leases

The Company signed an exclusive warehouse lease in New Jersey comprising of 66,000 sq ft space on April 30, 2021 for a period of 10 years (120 months). Lease commencement date is May, 1 2021 which is set to expire on April 30, 2031. The landlord provided rent free period of 4.5 months with an effective rent commencement date of September 16, 2021. The Company paid an initial rent security deposit amounting to $104,500 on May 5, 2021 which is equal to 2 months of beginning current base rent.

The LLC signed an exclusive warehouse lease in Georgia comprising of 34,164 sq ft space during October 2021 for a period of 7.2 years (86 months). Lease commencement date is November 1, 2021, which is set to expire on December 31, 2028. The landlord provided rent free period of 2 months with an effective rent commencement date of January 1, 2022. The LLC is required to pay an initial rent security deposit amounting to $43,564 which is equal to approximately 3 months of beginning current base rent. The Company stands as a guarantor to the Georgia warehouse landlord.

Minimum future rental payments, related to both of the above warehouses are subject to customary escalation clauses and have remaining terms in excess of one year as at March 31, 2022, which are as follows:

Years		Amount
2023	$	818,928
2024		843,495
2025		868,800
2026		894,864
2027		921,710
And thereafter		3,550,774
	$	7,898,571

NOTE 7 COMMITMENTS AND CONTINGENCIES (Cont.)

Guaranteed payment

On September 1, 2021, the Company entered into an operating agreement with the minority stockholders of the LLC. Under the terms of the operating agreement, one of the minority stockholders' employment commences on September 1, 2021, and shall continue for a period of three (3) years (the "Initial Term"), unless sooner terminated under specific circumstances stated in the operating agreement. Following the expiration of the Initial Term, either party may terminate the employment relationship at any time, with or without cause. The minority stockholder will be paid a guaranteed payment of $150,000 each year. For year ended March 31, 2022, proportionate guaranteed payment of $87,500 was paid by the LLC to the minority stockholder.

Litigation

On March 31, 2022, Ascot Valley Foods, Ltd. ("Complainant") filed a civil complaint against a subsidiary, ADF Foods (USA) Ltd., in the Southern District Court of New York claiming compensatory, direct, consequential and punitive damages plus pre-judgement and post-judgement interest. The Complainant alleges that the ADF Foods (USA) Ltd. failed to purchase minimum quantities as set forth in the co-packing agreement and is also required to pay the Complainant for repurchase of custom materials and packaging and past due invoices. ADF Foods (USA) Ltd. is vigorously defending the claim. As per ADF Foods (USA) Ltd's. legal counsel a definitive opinion on the probable outcome or estimate of the amount or range of potential loss cannot be provided at this stage of the litigation therefore no provision has been made in books for the year end.

NOTE 8 LEASES

The Company adopted Accounting Standards Codification 842, Leases ("ASC 842") effective April 1, 2021. The Company determines if an arrangement contains a lease at inception based on whether or not the Company has the right to control the asset during the contract period and other facts and circumstances. The Company is the lessee in a lease contact when it obtains the right to control the asset. Lease right of use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a term of 12 months or less at inception are not recorded and are expensed on a straight-line basis over the lease term in the statement of operations. The Company determines the lease term by assuming the exercise of renewal options that are reasonably certain.

Operating leases

On April 30, 2021, the Company signed an exclusive warehouse lease in New Jersey comprising of 66,000 sq ft space for a period of 10 years (120 months). Lease commencement date is May 1, 2021 which is set to expire on April 30, 2031. The landlord provided rent free period of 4.5 months with an effective rent commencement date of September, 16, 2021. The warehouse lease includes variable rental payments over the term of the lease and the total cash outlay over the term of the initial lease amounts to $6,952,727. The Company paid an initial rent security deposit amounting to $104,500 on May 5, 2021 which is equal to 2 months of beginning current base rent. Generally, management does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same trade areas for comparable lease rates. The Company does not have access to the rate implicit in the lease, so they utilized an incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating lease is 3%.

On October 30, 2021, the LLC signed an exclusive warehouse lease in Georgia comprising of 34,164 sq ft space for a period of 7.2 years (86 months). Lease commencement date is November 1, 2021 which is set to expire on December 31, 2028. The landlord provided rent free period of 2 months with an effective rent commencement date of January, 1, 2022. The warehouse lease includes variable rental payments over the term of the lease and the total cash outlay over the term of the initial lease amounts to $1,328,601. The LLC is required to pay security deposit amounting to $43,564 which is equal to 3 months of beginning current base rent. Generally, management does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same trade areas for comparable lease rates. The LLC does not have access to the rate implicit in the lease, so they utilized an incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating lease is 3%.

NOTE 8 LEASES (CONT.)

Amounts recognized as right-of-use assets relate to the warehouse operating lease and are included in ROU assets, at present value of future discounted cash flows in the accompanying consolidated financial statements, while related lease liabilities are included in the current portion and long term debt.

For year ended March 31, 2022, right-of-use assets related to NJ warehouse operating lease amounted to $5,937,111, accumulated amortization amounted to $476,592, ROU assets, net $5,460,519. The NJ warehouse operating lease liabilities amounted to $5,758,223 with current portion $480,285 and long term $5,277,938 For the year ended March 31, 2022, the Company recognized in the operating expenses ROU – lease expense of $637,329 on NJ operating lease.

For year ended March 31, 2022, right-of-use assets related to GA warehouse operating lease amounted to $1,188,558, accumulated amortization amounted to $62,622, ROU assets, net $1,125,936. The GA warehouse operating lease liabilities amounted to $1,160,049 with current portion $142,254 and long term $1,017,795. For the year ended March 31, 2022, the LLC recognized in the operating expenses ROU – warehouse lease expense of $77,245 on GA operating lease.

Minimum future payments due under both operating leases as of March 31, 2022 are as follows:

Years	Amount
2023	$818,928
2024	843,495
2025	868,800
2026	894,864
2027	921,710
And thereafter	3,550,775
Total	7,898,571
Less: effect of discounting	(980,300)
Lease liability recognized	$6,918,272

Finance leases

On August 19, 2021, the Company signed an exclusive Equipment financing lease in New Jersey comprising Forklift for a period of 5 years (60 months) expiring on August 18, 2026. The Company has entered agreement with bank for financing above lease at interest rate of 3.98%. The total cash outlay over the term of the initial lease amounts to $85,850. The Company has determined 3.98% per annum as implicit discount rate to arrive at present value of ROU - Asset and ROU - Liability.

NOTE 8 LEASES (CONT.)

Finance leases (cont.)

On January 1, 2022, the LLC signed an exclusive Equipment financing lease in New Jersey for Georgia Forklift for a period of 5 years (60 months) expiring on December 31, 2026. The Company has entered agreement with bank for financing above lease at interest rate of 3.98%. The total cash outlay over the term of the initial lease amounts to $85,900. The Company has determined 3.98% per annum as implicit discount rate to arrive at present value of ROU - Asset and ROU - Liability.

Amounts recognized as ROU assets relate to the NJ forklift are included in ROU assets at present value of future discounted cash flows in the accompanying consolidated financial statements, while related lease liabilities are included in the current portion and long term debt. For year ended March 31, 2022, ROU assets related to NJ finance lease amounted to $77,920, accumulated amortization amounted to $6,495 which resulted in ROU assets, net $71,425. The finance lease liabilities amounted to $71,900 with current portion and long term portion amounting to $14,609 and $57,291, respectively. For the period ended December 31, 2021, the Company recognized in the other expenses ROU - amortization of $6,495 and ROU - interest expense of $1,230.

Amounts recognized as ROU assets relate to the GA forklift are included in ROU assets at present value of future discounted cash flows in the accompanying consolidated financial statements, while related lease liabilities are included in the current portion and long term debt. For year ended March 31, 2022, ROU assets related to NJ finance lease amounted to $77,821, accumulated amortization amounted to $3,891 which resulted in ROU assets, net $73,930. The finance lease liabilities amounted to $74,281 with current portion and long term portion amounting to $14,514 and $59,767, respectively. For the year ended March 31, 2022, the Company recognized in the other expenses ROU - amortization of $3,891 and ROU - interest expense of $750.

Minimum future payments due under both finance leases as of March 31, 2022 are as follows:

Years	Amount
2023	$34,320
2024	34,320
2025	34,320
2026	34,320
And thereafter	22,881
Total	160,161
Less: effect of discounting	(13,980)
Lease liability recognized	$146,181

NOTE 9 GOODWILL

Goodwill represents the excess of the cost of an acquired business over the fair market value of the identifiable net assets at the date of acquisition.

Effective January 1, 2014, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update 2014-02 Intangibles - Goodwill and Other (Topic 350) ("ASU 2014-02") which includes alternative accounting guidance developed by the Private Company Council that permits private companies to elect to amortize goodwill and to use a simpler impairment test at either the entity level or the reporting unit level. The Company has elected to amortize its goodwill on a straight line basis over 10 years and to test goodwill for impairment at the reporting unit level. Goodwill is only tested for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be less than its carrying amount. There is no requirement to test goodwill for impairment on an annual basis. Any impairment would be recognized for the difference between the fair value of the reporting unit and its carrying amount.

On September 1, 2021, the Company entered into an agreement with Exxaro Solutions, LLC ("the Seller") to purchase goodwill including customer lists related to two food distribution businesses for a mutually agreed upon price amounting to $3,250,000. The Company paid $1,250,000 to the Seller and the Seller agreed to finance the remaining balance amounting to $2,000,000 (Note 12). As of March 31, 2022, Goodwill had a cost of $3,250,000, accumulated amortization of $189,581 and net book value of $3,060,419. For year ended March 31, 2022, goodwill amortization expense amounted to $189,581.

NOTE 10 CORPORATE TAXES

As a result of Company's net operating loss carryforward, there is no Federal income tax liability for the year ended March 31, 2022. The Company's corporate tax provision consists of the following:

State taxes	$ 153,935
Deferred taxes	78,467
Income tax expense	$ 232,402

New tax legislation

In December 2017, the US Tax Cuts and Jobs Act was signed into law. Effective January 1, 2018, among other provisions the federal corporate tax rate has been replaced with a flat 21% rate and the alternative minimum tax has been eliminated. Additionally, the Act allows federal net operating losses ("NOLs") incurred after December 31, 2017 to be carried forward indefinitely, while eliminating the two year carryback rule. The Act generally limits the NOL deduction for post 2017 NOLs to 80% of taxable income, determined without regard to the NOL deduction.

The CARES Act, signed into law in March 2020, temporarily removes the current NOL limitations and allows an NOL to fully offset taxable income. The legislation reintroduces the NOL carry-back mechanism allowing an NOL from tax years beginning in 2018, 2019, or 2020 to be carried back for five years and NOLs arising in a tax year beginning in 2017 and ending in 2018 (a fiscal year) to be carried back two years. For year 2021 and onwards, the NOL deduction limitation to 80% of taxable income is reintroduced.

NOTE 11 LOAN PAYABLE - RELATED PARTY

As at March 31, 2022, ADF Foods (USA) Ltd. owes net $5,175,092 to the Holding company. The outstanding amounts have been eliminated on consolidation and includes:

Working capital loan (3% interest bearing)	$	1,894,296
Royalty payable		1,764,573
Management fee payable		820,000
Interest on unpaid loan payable		1,415,770
Interest on unpaid royalty payable		189,161
Interest on unpaid management fee		55,988
Total payable		6,139,788
Tax benefit receivable		(964,696)
Total - net	$	5,175,092

NOTE 12 LOAN PAYABLE

On September 20, 2021 the Company borrowed $2,000,000 from Exxaro Solutions, LLC at an interest rate of 2.25% per annum. The amount was borrowed to finance the purchase of certain intangibles as part of business acquisition. This loan was repayable in eight (8) equal quarterly instalments each amounting to $250,000 along with quarterly accrued interest. This loan was refinanced with Fifth Third Bank term loan and was fully repaid on January 24, 2022.

On January 24, 2022, the Company and the Subsidiary borrowed $2,000,000 term loan for a period of 48 months from Fifth Third Bank at an interest rate of 2.75% per annum and repaid the Exxaro loan. The term loan is secured by a charge on all accounts receivables, inventories of the Company and ADF Foods (USA) Ltd. The term loan has to be repaid at a fixed amount of $41,667 per month along with interest and will be fully repaid on May 1, 2026. For the year ended March 31, 2022, term loan balance payable amounted to $1,916,667.

On January 24, 2022, the Company obtained a one-year revolving line of credit from Fifth Third Bank in the amount of $3,500,000. The line of credit bears an interest rate based on Fifth Third Prime and the interest rate on March 31, 2022, which was 2.75%. The line of credit is secured by Company's accounts receivables, inventories of the Company and ADF Foods (USA) Ltd. pursuant to an assignment, security and subordination agreement between the Company and the Bank. The loan agreement contains financial and non-financial covenants and as at March 31, 2022, the Company was in compliance with the financial covenants. The amount of used line of credit at March 31, 2022 was $133,178.

NOTE 13 DUE TO / FROM PARENT COMPANY

In December 2015, the Company converted Parent loan into Preferred stock issuing 10,000 Preferred stock (Series A) for a total amount of $6,225,000.

In March 2017, the Company converted Parent loan into Preferred stock issuing 1,000 Preferred stock (Series B) for a total amount of $415,000.

On May 25, 2017 the Company redeemed and cancelled 803 shares of Series A Preferred stock at its issue price.

On March 31, 2019, the Company converted Parent loan into Preferred stock issuing 1,000 Preferred stock (Series C) for a total amount of $100,000.

On November 11, 2019, the Company converted Parent loan into Preferred stock issuing 10,000 Preferred stock (Series D) for a total amount of $1,150,000.

On July 9, 2020, the Company converted Parent loan into Preferred stock issuing 5,000 Preferred stock (Series E) for a total amount of $500,000.

On February 16, 2022, the Company converted Parent loan into Preferred stock issuing 22,500 Preferred stock (Series F) for a total amount of $2,250,000.

NOTE 14 RELATED PARTY TRANSACTIONS

ADF Holdings (USA) Ltd. ("the Company")

For the year ended March 31, 2022, the Company had purchases of finished goods amounting to $622,901 from ADF Foods Ltd., the group parent company in India. Included in the ending inventory are finished goods purchased from group parent amounting to $0. Included in accounts payable is $0 due to group parent towards purchases of finished goods.

For the year ended March 31, 2022, the Company paid commission to the group President and CEO amounting to $454,600 of which $49,000 is payable at the year end and is included in accrued expenses.

NOTE 14 RELATED PARTY TRANSACTIONS (CONT.)

ADF Foods (USA) Ltd.

For the year ended March 31, 2022, ADF Foods (USA) Ltd. had purchases of finished goods amounting to $331,086 from ADF Foods Ltd., the group parent company in India. Included in the ending inventory are finished goods amounting to $0 purchased from group parent. For the year ended March 31, 2022, ADF Foods (USA) Ltd. owed $0 to ADF Foods Ltd., India towards purchases of finished goods.

For the year ended March 31, 2022, ADF Foods (USA) Ltd. had a receivable amounting to $80,000 from the group parent company in India, ADF Foods Ltd, towards brand promotion of Parent company products in USA and Canada.

For the year ended March 31, 2022, ADF Foods (USA) Ltd. paid $20,000 towards group President and CEO travel expenses.

For the year ended March 31, 2022, ADF Foods (USA) Ltd. had purchases of finished goods amounting to $38,677 from the LLC's minority member companies Sairam Imports Corporation and Vibrant Enterprises, LLC. Included in the ending inventory are finished goods amounting to $32,973 purchased from Sairam Imports Corporation and Vibrant Enterprises, LLC. For the year ended March 31, 2022, the Subsidiary owed $0 to Sairam Imports Corporation and Vibrant Enterprises, LLC towards purchases of finished goods.

Vibrant Foods New Jersey, LLC ("the LLC")

For the year ended March 31, 2022, the LLC had purchases of finished goods amounting to $2,023,618 from its majority member ADF Holdings (USA) Ltd. Included in the ending inventory are finished goods amounting to $105,519 purchased from this majority member. For the year ended March 31, 2022, the LLC owed $1,079,069 to its majority member towards purchases of finished goods.

For the year ended March 31, 2022, the LLC had a receivable amounting to $66,574 from ADF Holdings (USA) Ltd. for sales and insurance claim received by ADF Holdings (USA) Ltd. on behalf of the LLC.

NOTE 14 RELATED PARTY TRANSACTIONS (CONT.)

Vibrant Foods New Jersey, LLC ("the LLC") (cont.)

For the year ended March 31, 2022, the LLC had purchases of finished goods amounting to $1,403,369 from the group parent company in India, ADF Foods Ltd. Included in the ending inventory are finished goods amounting to $975,183 purchased from group parent. For the year ended March 31, 2022, the LLC owed $1,082,495 to its majority member towards purchases of finished goods.

For the year ended March 31, 2022, the LLC had purchases of finished goods amounting to $665,525 and $794,002 from its minority members Sairam Imports Corporation and Vibrant Enterprises LLC. Included in the ending inventory are finished goods amounting to $178,434 and $57,079 purchased from its minority members. For the year ended March 31, 2022, the LLC owed $104,518 and $552 to these minority members towards purchases of finished goods.

The LLC purchased initial inventory of finished goods amounting to $665,189 and $157,916 from related companies Sairam Imports Corporation and Vibrant Enterprises LLC. Additionally, the individual minority members contributed towards their share in the LLC with inventory amounting to $300,000.

For the year ended March 31, 2022, the LLC paid compensation amounting to $87,500 to one of the minority members acting as managing member of the LLC.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 9, 2022, the date on which the consolidated financial statements were available to be issued. No events other than below were identified that required adjustment or disclosure in the consolidated financial statements.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state and local authorities, leading to an overall decline in economic activity. The continuation of the effects of COVID-19 could result in significant disruption of global financial markets, however, the ultimate impact of COVID-19 on the financial performance of the Company cannot be reasonably estimated at this time.

S U P P L E M E N T A R Y   I N F O R M A T I O N
(See Independent Auditor's Report)

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF COST OF GOODS SOLD

FOR THE YEAR ENDED MARCH 31, 2022

Inventories - beginning	$ 5,812,869
Purchases	11,674,340
Clearing and forwarding	24,970
Incoming costs	539,177
Goods available for sale	18,051,356
Less: inventories - ending	(5,270,169)
Cost of goods sold	$ 12,781,187

See independent auditor's report.

ADF HOLDINGS (USA) LTD. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED MARCH 31, 2022

Salaries	$	693,785
Advertisement and business promotion		451,342
Sales and distribution expenses		213,423
Consulting fee		102,197
Commission		478,699
Payroll taxes and expenses		55,611
Office expenses		82,983
Insurance		115,949
Rent		28,120
Taxes and license fee		19,942
Telephone and telex		9,476
Legal and professional		65,184
Postage and delivery		1,728
Bank charges		22,283
Dues and subscription		22,480
Accounting fee		129,000
Directors fee		14,000
Travel		24,895
R&D costs		967
Utilities		41,474
Guaranteed payment		87,500
Auto and truck expenses		83,926
401k expense		6,666
Meals and entertainment		1,503
Repairs and maintenance		13,990
Penalties		5,449
Total operating expenses	$	2,772,572

See independent auditor's report.