

Subsidiary Companies
Financial Statements
2024-25

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Divi's Laboratories Limited

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Divis Laboratories (USA) Inc.

Management Report for the financial year 2024-25

We are pleased to present our Management report and the financial statements for the financial year ended March 31, 2025.

Financial results

US \$

Particulars	2024-25	2023-24
Sales, Net	31,767,802	29,818,784
Cost of Goods Sold	26,493,493	24,564,191
Gross Profit	5,274,309	5,254,593
Selling, General and Admin. Expenses	3,569,987	3,273,076
Income before Income taxes	1,704,322	1,981,517
Provision for Income Taxes	872,176	270,502
Net Income	832,146	1,711,015
Retained Earnings, End of year	11,836,778	11,004,632

For the current financial year, the company earned a net sales income of \$ 31,767,802 as against \$29,818,784 for the previous financial year. Gross profit for the year amounted to \$ 5,274,309 as against previous year of \$ 5,254,593. Increased cost of movement of goods due to geo-political uncertainties in other part of the world, increased cost of procurement of goods and pricing pressure impacted the gross margin for the current financial year. Increase in employee costs and moderate variance in other selling, general and administration expenses for the year have an impact on the Income before income taxes for the current financial year. Net Income for the current financial year came to \$ 832,146 versus \$ 1,711,015 for the previous financial year.

As our company has been earning net income, the retained earnings as of March 31st, 2025 is \$ 11,836,778 as against \$ 11,004,632 as of March 31, 2024.

No distribution of profit is recommended for the current financial year.

Market and Outlook

The global market for Carotenoids and Vitamins continues to grow at about 4%+ per annum and the company is positioning itself with planned investments into marketing as well as capabilities to grow above this rate.

The Company has been supplying a full range of carotenoids and market targeted vitamins to the nutritional, pharmaceutical, food/beverage and feed industries and is expanding its portfolio by adding new molecules as well as new innovative product forms. Supply reliability is key in the Nutritional Business and Divis has a proven track record of being a reliable supplier to its customers.

The company has added sales and technical personnel to its staff to support future growth of the business. It also enabled us to expand strongly into the Latin American market, and we expect a significant contribution from this market.

There is still an uncertainty on potential tariffs imposed from the US government which may impact some of our products imported from India and Europe. To minimize this impact, different options of direct shipment to customers from India are being evaluated.

Unusual Items after the financial year

No item, transaction or event of a material nature has arisen during the period between the end of the financial year and the date of this report, which would affect substantially the operations of the company.

Responsibility Statement

In the opinion of the Management, the accompanying financial statements were drawn up to give a true and fair view of the state of affairs of the company as on March 31, 2025 and of the results of the business for the year ended on that date. The Management has taken all reasonable steps to prepare these financial statements on a going concern basis in accordance with generally accepted accounting principles in the United States of America.

6th May, 2025

Heinz Niggli
Director & Vice President

Magone & Company, P.C.

Certified Public Accountants
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Independent Auditors' Report

To the Stockholder of
Divis Laboratories (USA), Inc.

Opinion

We have audited the accompanying financial statements of Divis Laboratories (USA), Inc. (a New Jersey Corporation), which comprise the balance sheets as of March 31, 2025 and 2024 and the related statements of income and retained earnings, and cash flows for the years 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 Divis Laboratories (USA), Inc. as of March 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Divis Laboratories (USA), Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Divis Laboratories (USA), Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 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, including omissions, 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 Divis Laboratories USA, 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 Divis Laboratories (USA), Inc.'s ability to continue as a goingconcern 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.

MAGONE & COMPANY, P.C.

Parsippany, New Jersey

May 6th 2025

Balance Sheets

March 31, 2025 and 2024

US \$

	2025	2024
ASSETS		
CURRENT ASSETS :		
Cash	1,679,054	792,125
Accounts receivable, net	10,123,136	9,354,312
Inventories net	9,223,281	10,004,802
Prepaid taxes and other expenses	698,251	690,943
TOTAL CURRENT ASSETS	<u>21,723,722</u>	<u>20,842,182</u>
PROPERTY AND EQUIPMENT, NET	38,936	32,263
RIGHT-OF-USE ASSETS UNDER OPERATING LEASE	205,062	278,652
SECURITY DEPOSITS	16,206	16,206
DEFERRED TAX ASSETS	115,366	189,296
TOTAL ASSETS	<u>22,099,292</u>	<u>21,358,599</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES :		
Current maturities of operating lease obligations	103,788	84,795
Accounts payable	8,954,440	8,837,409
Income taxes payable	427,554	558,732
Accrued expenses	129,258	135,445
TOTAL CURRENT LIABILITIES	9,615,040	9,616,381
OPERATING LEASE OBLIGATIONS, LESS CURRENT MATURITIES	97,474	187,586
TOTAL LIABILITIES	<u>9,712,514</u>	<u>9,803,967</u>
STOCKHOLDER'S EQUITY :		
Common stock	20	20
Capital in excess of par value	549,980	549,980
Retained earnings	11,836,778	11,004,632
TOTAL STOCKHOLDER'S EQUITY	<u>12,386,778</u>	<u>11,554,632</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>22,099,292</u>	<u>21,358,599</u>

The accompanying notes are an integral part of these financial statements.

Statements of Income and Retained Earnings For the Years Ended March 31, 2025 and 2024

US \$

	2025	2024
SALES, NET	<u>31,767,802</u>	<u>29,818,784</u>
COST OF GOODS SOLD :		
Product costs	26,130,569	24,184,166
Warehouse	<u>362,924</u>	<u>380,025</u>
TOTAL COST OF GOODS SOLD	<u>26,493,493</u>	<u>24,564,191</u>
GROSS PROFIT	<u>5,274,309</u>	<u>5,254,593</u>
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES :		
Salaries and employee benefits	2,073,388	1,765,401
Shipping and handling	398,475	339,271
Advertising	329,672	145,278
Travel and entertainment	178,912	251,450
Office	162,488	114,642
Rent expense	134,385	133,640
Commissions	77,532	108,517
Professional fees	62,698	80,286
Pension	49,004	40,743
Telephone	33,291	30,714
Insurance	19,508	37,576
Depreciation	10,123	9,066
Bad debt	3,508	190,349
Miscellaneous	<u>37,003</u>	<u>26,143</u>
TOTAL SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>3,569,987</u>	<u>3,273,076</u>
INCOME BEFORE INCOME TAXES	<u>1,704,322</u>	<u>1,981,517</u>
PROVISION FOR (BENEFIT FROM) INCOME TAX :		
Current	798,246	339,004
Deferred	73,930	(68,502)
PROVISION FOR INCOME TAXES	<u>872,176</u>	<u>270,502</u>
NET INCOME	832,146	1,711,015
RETAINED EARNINGS, BEGINNING OF YEAR	<u>11,004,632</u>	<u>9,293,617</u>
RETAINED EARNINGS, END OF YEAR	<u>11,836,778</u>	<u>11,004,632</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the Years Ended March 31, 2025 and 2024

US \$

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net income	832,146	1,711,015
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES :		
Depreciation	10,123	9,006
Allowance for inventory obsolescence	-	52,142
Allowance for doubtful accounts	(56,157)	190,349
Write-off of inventories	(191,311)	(104,668)
Write-off of accounts receivable	56,517	-
Provision (benefit) from deferred income tax	73,930	(68,502)
(Increase) decrease in assets :		
Accounts receivable	(768,824)	(2,142,052)
Inventories	972,832	5,113,323
Prepaid taxes and other expenses	(7,308)	62,036
Increase (decrease) in liabilities :		
Accounts payable	117,031	(5,362,011)
Income taxes payable	(131,178)	(201,910)
Accrued expenses	(6,187)	33,271
Operating lease obligations	2,471	(12,329)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>903,725</u>	<u>(720,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisitions of property and equipment	<u>(16,796)</u>	<u>(11,114)</u>
NET CHANGE IN CASH	886,929	(731,384)
CASH, BEGINNING OF YEAR	<u>792,125</u>	<u>1,523,509</u>
CASH, END OF YEAR	<u>1,679,054</u>	<u>792,125</u>
SUPPLEMENTAL CASH FLOW INFORMATION :		
Cash paid during the year for Income taxes	<u>940,039</u>	<u>698,606</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 1 - NATURE OF BUSINESS

Divis Laboratories (USA), Inc. (the "Company") was formed as a Delaware corporation in 2005, and later registered to do business in New Jersey on February 1, 2006. The Company is a wholly owned subsidiary of Divis Laboratories Ltd. (India) (the "Parent Company") and was formed to distribute dietary supplements and pharmaceutical ingredients in North America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company has adopted the indirect method of presenting the statements of cash flows.

Accounts Receivable

Accounts receivable arise in the normal course of business and are recorded based on revenue earned. Accounts receivable are stated net of an allowance for credit losses. The Company performs ongoing evaluations of its customers and generally does not require additional collection proceedings or require collateral. Accounts are written off as they are deemed uncollectible based on a periodic review of the accounts. The allowance for credit losses is estimated based on the historical collection information and a review of the accounts receivable at year-end. The allowance is increased by a provision for credit losses, which is charged to expense, and reduced by write-offs, net of recoveries. Allowance for credit losses was \$417,732 and \$470,741 at of March 31, 2025 and 2024, respectively.

Inventory

The Company's inventory consists primarily of dietary supplements and pharmaceutical ingredients, which are considered finished products and goods. This inventory is determined on a weighted average basis. A valuation allowance is provided for obsolete and slow-moving inventory to write cost down to net realizable value (market), if necessary. The valuation allowance is based on the Company's evaluation of damage or expiration of inventory. Allowance for inventory obsolescence was \$14,962 and \$206,273 as of March 31, 2025 and 2024, respectively.

Property and Equipment

Major additions and improvements of property and equipment are capitalized at cost, net of accumulated depreciation. Maintenance, repairs and minor replacements are expensed when incurred. The cost and accumulated depreciation of items sold or otherwise disposed of are removed from the related property and accumulated depreciation accounts, and the resulting gain or loss, if any, is recorded. Depreciation is provided generally on the straight-line method at rates based on estimated service lives; current service lives range from 5 to 31 years.

Revenue Recognition

Revenue from the sale of products is recognized based on the price specified in the contract. The Company recognizes sales at a point in time. Sales are made with credit terms of 180 days from the invoice date.

Revenue is recognized at the point in time when control of the goods has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs from the point the goods have been shipped to the specific location specified by customer, which is the time that the risk of loss is transferred to the customer and customer has accepted liability of the goods in accordance with the sales contract.

Contracts may contain variable consideration, including rebates and discounts that generally decrease the transaction price. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with

the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Shipping and Handling Costs

The Company records shipping and handling costs as a component of selling, general, and administrative expenses. Shipping and handling costs for the years ended March 31, 2025 and 2024 was \$398,475 and \$339,271, respectively.

Advertising

The Company recognizes advertising costs as they are incurred. Advertising expense for the years ending March 31, 2025 and 2024 was \$329,672 and \$145,278, respectively, and are included in miscellaneous on the statements of income and retained earnings.

Income Taxes

Income taxes are accounted for using the asset and liability method, as required by FASB ASC 740. Under this method, deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. Significant items creating net deferred tax assets and liabilities include the allowance for credit losses, basis differences in property and equipment, deferred compensation, accrued vacation pay and inventory valuation.

The Company files income tax returns in the U.S. federal jurisdiction, New Jersey, New York, California, and Massachusetts, and other states. With few exceptions, the Company is no longer subject to U.S. federal, or state and local income tax examinations by tax authorities for fiscal years 2020 and prior. Based on the Company's assessment of many factors, including past experience and judgments about future events, the Company does not currently anticipate significant changes in its tax positions over the next 12 months.

Leases

The Company recognizes right-of-use assets and lease liabilities when the Company has both the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the identified asset.

A short-term lease is defined as a lease that, at the lease commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

The Company has applied the short-term lease exception under Accounting Standards Codification (ASC) 842 in which the Company does not recognize a right-of-use asset and lease liability for short-term leases. This election has been made for all classes of underlying assets.

The Company utilizes the rate implicit in the lease if it is readily determinable, regardless of whether it is higher than the Company's incremental borrowing rate, in determining the lease liability. If the rate implicit in the lease is not readily determinable, the discount rate reflects the Company's incremental secured borrowing rate.

Subsequent Events

Subsequent events have been evaluated through May 6, 2025, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through the date the financial statements were available to be issued that would require adjustment to or disclosure in the accompanying financial statements.

NOTE 3 - CONCENTRATION OF RISK

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation up to \$250,000. As of March 31, 2025 and 2024, the cash balances exceeded this limit by approximately \$1,432,000 and \$547,000, respectively.

The Company is also subject to concentration with suppliers as it purchases substantially all of its products from its Parent Company and the Parent Company's subsidiaries. At March 31, 2025 and 2024, substantially all the accounts payable are payable to the Parent Company and its subsidiaries.

NOTE 4 - DISAGGREGATION OF REVENUE

The following table disaggregates revenue by country which the Company believes best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors for the year ended March 31, 2025 and 2024:

	2025	2024
United States of America	18,511,674	16,439,189
Canada	6,638,560	4,770,036
Chile	4,706,024	6,399,100
Other	1,911,544	2,210,459
	31,767,802	29,818,784

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	<u>2025</u>	<u>2024</u>
Accounts receivable	10,540,868	9,825,052
Less allowance for doubtful accounts	417,732	470,740
	<u>10,123,136</u>	<u>9,354,312</u>

NOTE 6 - INVENTORIES

Inventory consist of the following as of March 31 :

	<u>2025</u>	<u>2024</u>
Finished goods	9,238,243	10,211,075
Less allowance for inventory obsolescence	14,962	206,273
	<u>9,223,281</u>	<u>10,004,802</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31 :

	<u>2025</u>	<u>2024</u>
Computer equipment	103,704	94,120
Furniture and fixtures	58,308	54,988
Equipment	<u>21,170</u>	<u>17,277</u>
	183,182	166,385
Less accumulated depreciation	144,246	134,122
	<u>38,936</u>	<u>32,263</u>

Depreciation expense for the years ended March 31, 2025 and 2024 was \$10,123 and \$9,066, respectively.

NOTE 8 - PENSION PLAN

The Company has a 401(k) plan that covers all eligible employees. All employees may participate in the plan upon hire. The Company is obligated to contribute 3% of all eligible participant's compensation. Pension expense was \$49,004 and \$40,743 for the years ended March 31, 2025 and 2024, respectively.

NOTE 9 - INCOME TAXES

The provisions for income taxes were as follows for the years ended March 31:

	<u>2025</u>	<u>2024</u>
Current provision (benefit) :		
Federal	716,067	248,867
State and local	<u>82,179</u>	<u>90,137</u>
	798,246	339,004
Deferred tax benefit :		
Federal	53,536	(49,605)
State and local	<u>20,395</u>	<u>(18,897)</u>
	73,930	(68,502)
	<u>872,176</u>	<u>270,502</u>

The provision for federal income taxes differs from that computed by applying federal statutory rates to income before federal income tax expense, as indicated in the following analysis:

	<u>2025</u>	<u>2024</u>
Expected federal tax provision at 21%	274,268	416,118
Nondeductible expenses	66,647	71,131
Tax deductible expenses	(19,688)	(18,655)
Nontaxable income	(3,038)	(46,143)
Other	<u>451,414</u>	<u>(223,189)</u>
	<u>769,603</u>	<u>199,262</u>

The deferred tax assets and liabilities were as follows as of March 31 :

	<u>2025</u>	<u>2024</u>
Deferred tax assets :		
Allowance of Inventory obsolescence	4,339	59,819
Allowance for doubtful accounts	<u>121,142</u>	<u>136,515</u>
	125,481	196,334
Deferred tax liability :		
Property and equipment	<u>(10,116)</u>	<u>(7,038)</u>
Net deferred tax asset	<u>115,366</u>	<u>189,296</u>

Note 10 - COMMON STOCK

Common stock consists of 3,000 authorized shares of \$0.01 par value common stock, of which 2,000 shares are issued and outstanding.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Company has agreements with several of its employees which provide for, among other things, base salaries, and benefits such as health insurance and pension matching. Each employment agreement includes a confidentiality clause pertaining to any internal, nonpublic trade information.

NOTE 12 - Leasing Activities

The Company leases an apartment in Morristown, New Jersey for the use of its employees, Parent Company, or guests. The lease had an initial term for 12 months that was set to expire on June 24, 2024. The lease was then renewed for a term of 13 months and will expire on July 24, 2025. The monthly base rent and parking charges are \$4,476 and \$115, respectively. The lease was classed as short-term lease for years ended March 31, 2024. The Company has elected not to capitalize this lease on the balance sheet in accordance with ASU 2016-02, Leases (Topic 842) as of March 31, 2025.

In January 2020, the Company signed a lease for an office space in Florham Park, New Jersey. The lease term is for seven years and will expire on April 30, 2027. The monthly base rent is \$6,599 until the lease expires. The Company has elected to capitalize this lease on the balance sheet in accordance with ASU 2016-02, Leases (Topic 842).

The above leases include variable payment for common area maintenance based on the percentage of use, which are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities.

Rent paid for the years ended March 31, 2025 and 2024 was \$152,792 and \$133,640, respectively.

The Company also maintains two lease agreements on vehicles. The one lease is for 39 months and is set to expire on February 26, 2027 with a monthly installment of \$1,050. The other lease is for three years and is set to expire on August 28, 2026, with a monthly installment of \$550.

The following summarizes the line items in the balance sheets which include amounts for operating and finance leases as of March 31:

Operating Lease:

	<u>2025</u>	<u>2024</u>
Right-of-use assets under operating lease, net	<u>\$ 205,062</u>	<u>\$ 278,652</u>
Current maturities of operating lease obligations	\$ 103,788	\$ 84,795
Operating lease obligations, net of current maturities	<u>97,474</u>	<u>187,586</u>
Total operating lease liabilities	<u>\$ 201,262</u>	<u>\$ 272,381</u>

The maturities of lease liabilities as of March 31, 2025 were as follows:

Year ending March 31:

2026	\$ 112,164
2027	93,491
2028	6,599
Total lease payments	212,254
Less interest	10,992
Present value of lease liabilities	<u>\$ 201,262</u>

The following summarizes the weighted average remaining lease term and discount rate as of March 31:

	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term :		
Operating lease	2 Years	3 Years

Weighted Average Discount Rate :

	<u>2025</u>	<u>2024</u>
Operating lease	6.45%	5.93%

The following summarizes the line items in the income statements which include the components of lease expense for the year ended March 31:

	<u>2025</u>	<u>2024</u>
Operating lease costs included in the statement of income : and retained earnings	<u>\$ 146,772</u>	<u>\$ 151,682</u>

The following summarizes cash flow information related to leases for the year ended March 31 :

	<u>2025</u>	<u>2024</u>
Lease assets obtained in exchange for lease obligations:		
Operating lease	<u>\$ 57,228</u>	<u>\$ 60,415</u>

NOTE 13 - RELATED PARTIES

The Company purchases substantially its entire inventory from the Parent Company or its subsidiaries. For the years ended March 31, 2025 and 2024, the Company purchased \$25,314,105 and \$19,124,369, respectively, of inventory from its Parent Company or its subsidiaries.

As of March 31, 2025 and 2024, the Company owes the Parent Company and its subsidiaries, related to the purchase of inventory, \$8,811,940 and \$8,720,065, respectively, which is included in accounts payable in the balance sheet.

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Divi's Laboratories Europe AG

Management Report for fiscal year 2024-25

The Directors present their report and the financial statements for the financial year ended March 31, 2025.

Financial results

CHF

Particulars	2024-25	2023-24
Sales Income	33,994,082	32,003,048
Cost of Goods Sold	30,777,495	28,342,787
Production Profit	3,216,587	3,660,261
Salaries / Selling Expenses	3,513,505	3,444,089
Depreciation	8,197	7,509
Operating Gain / (Loss)	(305,115)	208,663
Exchange Gain	282,837	78,171
Income Tax	-	36,828
Net Profit	(22,278)	250,006

The company earned a sales income of CHF 33,994,082 as against CHF 32,003,048 for the previous financial year, recording a moderate sales growth. Production profit for the year amounted to CHF 3,216,587 as against profit of CHF 3,660,261 in the previous financial year. The Production profit for the current year is impacted by the adjustment of non-moving inventory. The company made a net loss of CHF 22,278 as against gain CHF 250,006 in the previous financial year.

Stockholders equity is CHF 27,62,518 as at the end of the current financial year as against CHF 27,84,796 as at the end of previous financial year.

No distribution of profit is recommended for the current financial year.

Market and Outlook

The global carotenoid market is expected to grow by approximately 5% from 2025 to 2026. Divi's Nutraceuticals is a global, technology-driven manufacturer of high-quality carotenoid and vitamin ingredients used in the food, beverage, dietary supplement, pet food and feed industries.

At Divi's Nutraceuticals, we are prioritizing the growth of our Carotenoid product lines, where we are fully backward integrated and offer an expanded range of product forms designed to support the nutrition and health of both humans and animals.

Despite a challenging macroeconomic and geopolitical environment, demand for our Carotenoid products has continued to grow steadily. To support this momentum, we have undertaken a comprehensive review of our operational capabilities and capacity. Investments are being planned to ensure to meet future market requirements and navigate potential disruptions.

Supply reliability became a critical priority for our customers during the year. In response, we focused on maintaining operational excellence and delivery performance across all regions. This commitment has enabled us to not only retain our customer base but also build new business opportunities by being recognized as a reliable and trusted supplier.

We also proactively addressed the impact of global shipping disruptions related to the Red Sea situation by increasing local inventory levels. This measure ensured continuity of supply and protected customer service levels during a period of logistical uncertainty. Looking ahead, Divi's Nutraceuticals remains committed to reinforcing its leadership in the Carotenoids market through operational agility, customer-centric strategies, and sustainable growth initiatives.

Directors

Mrs. Claudia Mastrangelo, Mr. Franz Probst and Mr Kiran S Divi continue as Directors of the company.

Unusual Items after the financial year

No item, transaction or event of the material nature has arisen during the period between the end of the financial year and the date of this report, which would affect substantially the operations of the company.

Responsibility Statement

In the opinion of the Directors and Managers, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the company as on March 31, 2025 and of the results of the business for the period. Directors and Managers have taken all reasonable steps to prepare these financial statements in accordance with the accounting principles generally accepted as per Swiss Law and the company's articles of incorporation.

CH - Basel
April 30th, 2025

Mrs. Claudia Mastrangelo
Director

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Report of the independent auditor on the financial statements to the Board of Directors of Divi's Laboratories Europe AG, Basel

Opinion

We have audited the financial statements of Divi's Laboratories Europe AG (the Company), which comprise the balance sheet as at 31 March 2025, the statement of income for the year then ended, the statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control.
- 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 existence and effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Basel, 30th April 2025

SRG Swiss Audit Corporation Ltd.

Christoph Huber

Licensed audit expert

Auditor in charge

Philipp Aebin

Licensed audit expert

Enclosures :

- Financial Statements (Balance Sheet, Income Statement, Cashflow Statement, Notes)

Financial Statements 2024/2025

Balance Sheet

	31 st March, 2025 CHF	31 st March, 2024 CHF
ASSETS		
Cash	439'127.05	1'366'630.27
A/R Trade/Other	9'185'962.65	6'988'000.28
A/R Intercompany Divi's Lab Ltd. USA	118'273.52	1'666'617.04
Prepaid Expenses & Deposits	333'803.26	219'948.61
Inventories	<u>18'970'488.35</u>	<u>16'401'090.18</u>
Total Current Assets	29'047'654.83	26'642'286.38
Fixed Assets	132'752.59	120'764.64
Less : Accumulated Depreciation	<u>-82'226.58</u>	<u>-74'029.97</u>
Fixed Assets, net	<u>50'526.01</u>	<u>46'734.67</u>
	<u>29'098'180.84</u>	<u>26'689'021.05</u>
LIABILITIES & EQUITY		
A/P Trade/Other	1'903'499.30	878'370.07
A/P Intercompany Divi's Lab Ltd. USA	84'301.65	164'425.57
A/P Intercompany Divi's Lab. Ltd. India	23'350'733.56	21'865'724.59
Accruals	<u>997'128.13</u>	<u>995'704.59</u>
Short-term Current Liabilities	26'335'662.64	23'904'224.82
Capital	100'000.00	100'000.00
Legal capital reserves	50'000.00	50'000.00
Retained Gains / Losses	2'634'796.23	2'384'790.71
Gain/ (Net Loss)	<u>-22'278.03</u>	<u>250'005.52</u>
Stockholders' Equity	2'762'518.20	2'784'796.23
	<u>29'098'180.84</u>	<u>26'689'021.05</u>

Financial Statements 2024/2025

Statement of Income

	1.4.2024 - 31.3.2025 CHF	1.4.2023 - 31.3.2024 CHF
Sales	35'827'668.14	33'431'635.16
Carriage and freight outward	<u>-1'833'586.61</u>	<u>-1'428'587.27</u>
Sales	33'994'081.53	32'003'047.89
Material costs and stock adjustments	<u>30'777'494.93</u>	<u>28'342'787.47</u>
Material costs	30'777'494.93	28'342'787.47
Production Profit	<u>3'216'586.60</u>	<u>3'660'260.42</u>
Personnel	1'595'619.59	1'281'115.99
Recruiting, Travel & Memberships	176'621.77	140'545.18
Outside Services	184'200.25	188'211.70
Marketing & Promotional	1'245'704.22	1'512'316.32
R&M, Utilities, Insurance	311'358.86	321'900.17
Depreciation	<u>8.196.61</u>	<u>7'508.76</u>
Expenses	3'521'701.30	3'451'598.12
Operating Gain / (Loss)	<u>-305'114.70</u>	<u>208'662.30</u>
Currency Differences	282'836.67	78.171.12
Income tax	0.00	-36'827.90
Gain / (Net Loss)	<u>-22'278.03</u>	<u>250'005.52</u>

Financial Statements 2024/2025

Statements of Cash Flows (indirect method)

CASH FLOWS STATEMENT (Indirect Method)	2024/2025 CHF	2023/2024 CHF
Gain/ (Net Loss)	-22'278.03	250'005.52
Depreciation	8'196.61	7'508.76
Decrease (+) / Increase (-) A/R Trade/Other	-2'197'962.37	-343'184.30
Decrease (+) / Increase (-) A/R Intercompany Divi's Lab. Ltd. USA	-1'548'343.52	-455'654.58
Increase (+) / Decrease (-) Prepaid Expenses and Deposits	-113'854.65	-64'887.35
Decrease (+) / Increase (-) Inventories	-2'569'398.17	-330'955.28
Increase (+) / Decrease (-) A/P Trade/Others	1'025'129.23	-53'766.39
Increase (+) / Decrease (-) A/P Intercompany Divi's Lab. Ltd. USA	-80'123.92	164'425.57
Increase (+) / Decrease (-) A/P Intercompany Divi's Lab. Ltd. India	1'485'008.97	1'077'399.72
Increase (+) / Decrease (-) Accruals	<u>1'423.54</u>	<u>-455'129.26</u>
Operating Cash Flow	-915'515.27	-74'462.89
Investment (-) in Financial Assets	0.00	0.00
Investment (-) in Fixed Assets	-11'987.95	-3'895.00
Divestment (+) of Fixed Assets	<u>0.00</u>	<u>0.00</u>
Investing Cash Flow	-11'987.95	-3'895.00
Increase (+) / Decrease (-) Financial Debt	<u>0.00</u>	<u>0.00</u>
Financing Cash Flow	0.00	0.00
Net change in the balance item cash	<u>-927'503.22</u>	<u>-78'357.89</u>
Cash as of 31.03. (+)	439'127.05	1'366'630.27
Cash as of 01.04. (-)	-1'366'630.27	-1'444'988.16
Net change in the balance item cash	<u>-927'503.22</u>	<u>-78'357.89</u>

Financial Statements 2024/2025

Notes

	31 March 2025 CHF	31 March 2024 CHF
1. The financial statements of Divi's Laboratories Europe AG have been prepared in accordance with the provisions of swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).	-	-
2. Contingent Liabilities	-	-
3. Disputed claims	-	-
4. Undisputed claims	-	-
5. Assets pledged to secure liabilities : rent deposit	18'000.00	18'000.00
6. Residual leasing / rental Liabilities	0.00	49'500.00
The rental agreement for the office was prolonged until September 2025. The remaining rental payments based on the rental agreement.		
7. Accounts payable Pension Fund	44'259.70	27'874.90
	01.04.2024 - 31.03.2025	01.04.2023 - 31.03.2024
	CHF	CHF
8. Miscellaneous Income	0.00	0.00
9. Current Tax expenses		
Federal & Cantonal income tax	0.00	39'500.00
Capital Tax	3'500.00	3'500.00
10. Depreciation is charged at the following rates :		
a) Assets valuing individually not more than CHF 150 have been written-off 100%		
b) Furniture & Fixtures - 6.33% on Straight Line Method proportionate from purchase date		
c) Computers/peripherals - 16.21 % on Straight Line Method proportionate from purchase date		
d) Other Equipment - 4.75% on Straight Line Method proportionate from purchase date		
	2024/25	2023/24
11. Annual average number of full-time equivalents	<50	<50
12. Significant events after the balance sheet date		
No adjusting or other non adjusting event to be disclosed occurred subsequently to the balance sheet date until the authorization of these financial statements by the Board of Directors on 30 th April 2025.		

Divi's Laboratories Limited

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