

BALTO RX, LLC

NOTES REGARDING FINANCIAL STATEMENTS

Balto Rx, LLC was formed as a California limited liability company on January 1, 2022. The attached financials for the fiscal years ended December 31, 2020 and December 31, 2021 are from the period in which the Company's sole member operated the business as a sole proprietorship.

ATTESTATION

I, Hemant Shah, confirm that the financials attached hereto have been reviewed by me and my team. I confirm that these historic financials attached hereto are accurate to the best of my knowledge.

DocuSigned by:

FDE64D8E710B48A
Hemant Shah, CEO

Balto Rx
Financial Statements
For the Years Ended December 31, 2021 and 2020

BURKEY COX EVANS & BRADFORD
Accountancy Corporation
1058 West Ave. M-14, Suite B
Palmdale, CA 93551

Balto Rx
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December 31, 2021 and 2020

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Financial Information

Balto Rx
Balance Sheets
As of December 31,

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 160	\$ 1,315
Accounts Receivable	<u>9,745</u>	<u>3,280</u>
Total Current Assets	9,905	4,595
PROPERTY, PLANT AND EQUIPMENT		
Net of Accumulated Depreciation	<u>7,725</u>	<u>4,179</u>
Total Assets	<u><u>\$ 17,630</u></u>	<u><u>\$ 8,774</u></u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 32,000</u>	<u>\$ 24,000</u>
Total Current Liabilities	<u>32,000</u>	<u>24,000</u>
EQUITY		
Capital	14,855	-
Additional Paid-in Capital	73,148	14,855
Retained Earnings	<u>(102,373)</u>	<u>(30,081)</u>
Total Equity	<u>(14,370)</u>	<u>(15,226)</u>
Total Liabilities and Equity	<u><u>\$ 17,630</u></u>	<u><u>\$ 8,774</u></u>

No Assurance is Provided on These Financial Statements.
See Notes to Financial Statements.

Balto Rx
Statements of Income and Changes in Retained Earnings
For the Year Ended December 31,

	<u>2021</u>	<u>2020</u>
REVENUE		
Sales Income	\$ 39,255	\$ 17,165
Total Revenues	<u>39,255</u>	<u>17,165</u>
OPERATING EXPENSES		
Advertising	2,200	800
Bank Charges	650	500
Contract Labor	81,343	20,720
Depreciation	1,404	696
Dues and Subscriptions	500	400
Interest Expense	1,800	1,400
Legal and Professional Fees	3,000	1,500
Licenses and Fees	500	300
Miscellaneous	1,000	1,800
Office Expense	3,200	4,800
Postage	950	780
Repairs and Maintenance	400	250
Supplies	800	500
Telephone	1,800	1,800
Travel	1,500	1,000
Utilities	3,500	3,500
Vehicle Expenses	<u>7,000</u>	<u>6,500</u>
Total Operating Expenses	<u>111,547</u>	<u>47,246</u>
NET INCOME (LOSS)	<u>(72,292)</u>	<u>(30,081)</u>
Retained Earnings, Beginning of Year	<u>(30,081)</u>	<u>-</u>
Retained Earnings, End of Year	<u><u>\$ (102,373)</u></u>	<u><u>\$ (30,081)</u></u>

No Assurance is Provided on These Financial Statements.
See Notes to Financial Statements.

Balto Rx
Statements of Cash Flows
For the Year Ended December 31,

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (72,292)	\$ (30,081)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,404	696
Changes in Assets - (Increase)/Decrease:		
Accounts Receivable	(6,465)	(3,280)
Changes in Liabilities - Increase/(Decrease):		
Accounts Payable	<u>8,000</u>	<u>24,000</u>
Net Cash Provided by (Used in) Operating Activities	<u>(69,353)</u>	<u>(8,665)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of Property and Equipment (Net)	<u>(4,950)</u>	<u>(4,875)</u>
Net Cash Provided by (Used in) Investing Activities	(4,950)	(4,875)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Paid in Capital	<u>73,148</u>	<u>14,855</u>
Net Cash Provided by (Used in) Financing Activities	73,148	14,855
Net Increase (Decrease) in Cash	(1,155)	1,315
CASH, Beginning of Year	1,315	-
CASH, End of Year	<u>\$ 160</u>	<u>\$ 1,315</u>
SUPPLEMENTAL DISCLOSURES		
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Paid	<u>\$ -</u>	<u>\$ -</u>

No Assurance is Provided on These Financial Statements.
See Notes to Financial Statements.

Notes to Financial Statements

Balto Rx
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Company Background

The Company was formed in 2018 as a sole proprietorship. Balto Rx is a technology platform that provides customers a one stop shop/delivery service for all prescription needs. The Company is located in Southern California, and provides services nationwide.

B. Basis of Accounting

The Company maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis of accounting recognized revenues when earned and expenses when incurred.

C. Estimates and Assumptions

The preparation of 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 the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

D. Revenue Recognition

The Company derives its revenues primarily from service fees. They allow customers to order prescriptions from participating pharmacies and delivery their order directly to the customer. Revenues are recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Incidental items are immaterial in the context of the contract and are recognized as an expense. The Company does not have any significant financing components as payment is received shortly after the services are rendered. Costs incurred to obtain a contract will be expensed as incurred. The Company has analyzed and adopted the provision of FASB's ASC Topic 606, Revenue from Contracts with Customers. It has concluded that no changes are necessary to conform with the new standard.

E. Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Accounts Receivable

An allowance for uncollectible accounts receivable has not been provided for, as management has evaluated the accounts and determined all accounts are collectible.

G. Property and Equipment

Property and equipment are stated at cost. The Company defines capital assets as assets with an individual cost of more than \$500 and an estimated useful life of more than two years. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Office Furniture and Equipment	7

Balto Rx
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Income Taxes

The Company is a sole proprietorship. The owner reports income or loss from the Company on their personal tax return. Therefore, no provision or liability for income taxes has been made.

For income tax reporting, the Company uses accounting methods that recognize depreciation sooner than for financial statement reporting. As a result, the basis of property and equipment for financial reporting exceeds its tax basis by the cumulative amount that accelerated depreciation exceeds straight-line depreciation. Deferred income taxes have not been recorded for the excess as the amount is not material, which would be taxable in future periods through reduced depreciation deductions for tax purposes.

The owner's tax filings are subject to audit by various taxing authorities. The owner's federal and state income tax returns remain open to examination for three years and four years, respectively. In evaluating the owner's tax provisions and accruals, the Company believes that its estimates are appropriate based on current facts and circumstances. The Company believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – CASH

Cash consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash in Banks	\$ 160	\$ 1,315
Total	<u>\$ 160</u>	<u>\$ 1,315</u>

All cash is deposited into institutions that are insured or collateralized by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021 and 2020, the Company did not exceed the insurance limits.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31,

	<u>2021</u>	<u>2020</u>
Receivables	\$ 9,745	\$ 3,280
Total	<u>\$ 9,745</u>	<u>\$ 3,280</u>

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Notes to Financial Statements
December 31, 2021 and 2020

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment follows:

Cost	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Office Furniture and Equipment	\$ 4,875	\$ 4,950	\$ -	\$ 9,825
Totals	<u>\$ 4,875</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>9,825</u>
<u>Accumulated Depreciation</u>				
Office Furniture and Equipment	\$ (696)	\$ (1,404)	\$ -	(2,100)
Totals	<u>\$ (696)</u>	<u>\$ (1,404)</u>	<u>\$ -</u>	<u>(2,100)</u>
Net Property and Equipment				<u>\$ 7,725</u>

Cost	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Office Furniture and Equipment	\$ -	\$ 4,875	\$ -	\$ 4,875
Totals	<u>\$ -</u>	<u>\$ 4,875</u>	<u>\$ -</u>	<u>4,875</u>
<u>Accumulated Depreciation</u>				
Office Furniture and Equipment	\$ -	\$ (696)	\$ -	(696)
Totals	<u>\$ -</u>	<u>\$ (696)</u>	<u>\$ -</u>	<u>(696)</u>
Net Property and Equipment				<u>\$ 4,179</u>

NOTE 5 – COMPANY VALUATION REPORT

The Company engaged an independent Equidam Valuation SL who conducted a valuation on September 8, 2020 to estimate the value of the company. The pre-money valuation displayed below is the result of the weighted average of different methods. The use of several methods is a best practice in company valuation, as looking at the business from different perspectives results in a more comprehensive and reliable view. These methods are compliant with IPEV (International Private Equity Valuation) Guidelines.

Valuation Method	Valuation as of 01/01/2020
Scorecard	\$ 6,538,533
Checklist	\$ 4,825,778
Venture Capital	\$ 14,688,228
DCF with LTG	\$ 11,136,029
DCF with Multiples	\$ 63,313,194