

ZYDUS NOVELTECH INC.

Balance Sheet

(STANDALONE)

December 31, 2019

(Unaudited)

Assets	December 31, 2019
Current Assets:	
Cash	\$109,845
Accounts receivable - related party	\$413,995
Prepaid expenses	\$30,000
Deferred tax asset	\$1,596,589
Employee advances	\$615
Total current assets	<u>\$2,151,044</u>
Property and equipment, net	\$673
Capital work-in-progress	\$0
Collateral Pledge	\$0
Rent deposit	\$11,354
Non-current investments	\$100,100
I/C note receivable	\$39,024,893
Total assets	<u><u>\$41,288,063</u></u>
Liabilities and Stockholders' Equity	
Current liabilities	
Accounts payable - other	\$0
Accounts payable - unvouchered	\$580,759
Short term provisions	\$159,215
Accrued expenses	\$30,479
Total current liabilities	<u>\$770,452</u>
Long term liabilities	
Loan - related party	\$0
Bank Loan	\$39,500,000
Deferred tax liability	(\$5,390)
Valuation allowance	\$1,601,979
Total long term liabilities	<u>\$41,096,589</u>
Total liabilities	\$41,867,041
Stockholders' Equity	
Common stock, no par value	
1500 shares authorized,	
1000 shares issued and outstanding	\$3,000,000
Additional paid-in capital	\$2,000,000
Surplus (Deficit) accumulated during development stage	(\$5,578,979)
Total stockholders' equity	<u>(\$578,979)</u>
Total liabilities and stockholders' equity	<u><u>\$41,288,063</u></u>

Reviewed & Approved by


Ronald J. Burghauer JANUARY 29, 2020
 Ronald J. Burghauer Date
 CFO

ZYDUS NOVELTECH INC.
Statement of Operations
(STANDALONE)

For the period from January 1, 2019 through December 31, 2019
(Unaudited)

	January 1, 2019 through December 31, 2019
Revenue	\$ 1,698,800
Operating expenses	
General and administrative	\$ 1,548,647
Depreciation and amortization	\$ 538
	\$ 1,549,185
Profit (Loss) from operations	\$ 149,615
Other income (expense)	
Other income	\$ -
Interest income	\$ 985
Interest expense	\$ -
Total other income (expense)	\$ 985
Profit (Loss) before state income taxes	\$ 150,600
Provision for state income taxes	\$ 1,050
Net Profit (Loss)	\$ 149,550

Reviewed & Approved by


JANUARY 29, 2020

Ronald J. Burghauer Date
CFO

ZYDUS NOVELTECH INC.
Statement of Cash Flows
(STANDALONE)

For the period from January 1, 2019 through December 31, 2019
(Unaudited)

	January 1, 2019 through December 31, 2019
Cash flows from operating activities:	
Net profit (loss)	\$ 149,550
Adjustments to reconcile net loss to cash used in operating activities:	
Depreciation and amortization	\$ 538
Changes in operating assets and liabilities:	
Prepaid expenses	\$ -
Deferred tax asset	\$ 85,367
Receivable - related party	\$ 1,179,226
Accounts receivable - unvouchered	\$ -
Accounts payable - other	\$ (22,936)
HSA Employee Withholdings	\$ (2,900)
Accounts payable - unvouchered	\$ 381,250
Employee advances (other)	\$ -
Disputed amount pending redressal	\$ -
State income tax payable	\$ 1,050
Short term provisions	\$ -
Accrued expenses	\$ 4,867
Deferred taxes	\$ 2,111
Valuation allowance	\$ (87,478)
Net cash provided by operating activities	\$ 1,690,645
Cash flows from investing activities:	
Purchases of property and equipment	\$ -
Pledged collateral	\$ 219,324
Capital work in progress	\$ -
I/C note receivable	\$ (6,879,893)
Net cash used in investing activities	\$ (6,660,568)
Cash flows from financing activities:	
Loan - related party	\$ (2,000,000)
Bank Loan	\$ 7,000,000
Net cash provided by financing activities	\$ 5,000,000
Net increase in cash	\$ 30,076
Cash, beginning of period	\$ 79,769
Cash, end of period	\$ 109,845

Reviewed & Approved by

Ronald J. Burghauser JANUARY 29, 2020

Ronald J. Burghauser Date
CFO

ZYDUS NOVELTECH INC.
Schedule of General and Administrative Expenses
(STANDALONE)

For the period from January 1, 2019 through December 31, 2019
(Unaudited)

	<u>January 1, 2019 through December 31, 2019</u>
Payroll and payroll related	\$ 1,084,140
Legal and other professional services	\$ 24,532
Travel	\$ 192,321
Rent	\$ 73,001
Employee Benefits and training	\$ 115,646
General	\$ 35,163
Telephone, internet and videoconferencing	\$ 10,914
Computer, network and copier	\$ 12,929
	<u>\$ 1,548,647</u>

Reviewed & Approved by

Ronald J. Burghauer *JANUARY 29, 2020*

Ronald J. Burghauer Date
CFO

Balance Sheet

As of December 31, 2019

1/29/20
Accrual Basis

	<u>Dec 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · People's United Checking	96,719.95
1100 · People's United Sweep Account	12,827.68
1200 · Petty Cash	297.30
Total Checking/Savings	<u>109,844.93</u>
Accounts Receivable	
1705 · A/R - Rel Party	408,995.00
1706 · A/R-Rel Party (SG)	5,000.00
Total Accounts Receivable	<u>413,995.00</u>
Other Current Assets	
1717 · Deferred Tax Asset	1,596,589.00
1719 · Pre-paid Legal Fees	30,000.00
1720 · Employee Advances - Other	614.68
Total Other Current Assets	<u>1,627,203.68</u>
Total Current Assets	2,151,043.61
Fixed Assets	
1500 · Equip (Computers & other)	90,196.54
1501 · Equipment Depreciation	-89,523.76
1600 · Furniture & Fixtures	91,147.89
1601 · Furniture & Fixture Deprec	-91,147.89
1650 · Leasehold Improvements	9,689.74
1651 · Leasehold Imp Depreciation	-9,689.74
Total Fixed Assets	<u>672.78</u>
Other Assets	
1725 · Rent Security Deposit	11,353.50
1726 · Non-current Investments	100,100.00
1727 · I/C Note Receivable	22,000,000.00
1728 · I/C Note Receivable (BoA)	17,024,892.77
Total Other Assets	<u>39,136,346.27</u>
TOTAL ASSETS	<u><u>41,288,062.66</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2154 · Accounts Payable - Unvouchered	580,758.64
2155 · State Income Tax (CORP)	2,100.00
2159 · Accrued Payroll	28,378.89
2190 · Short-term Provisions	159,214.82
Total Other Current Liabilities	<u>770,452.35</u>
Total Current Liabilities	770,452.35
Long Term Liabilities	
2600 · Bank Loan	39,500,000.00
2700 · Deferred Tax Liability	-5,390.00
2701 · Valuation Allowance	1,601,979.00
Total Long Term Liabilities	<u>41,096,589.00</u>
Total Liabilities	41,867,041.35

Zydus Noveltech Inc.

Profit & Loss

January through December 2019

1/29/20
Accrual Basis

	Jan - Dec 19
Ordinary Income/Expense	
Income	
4050 · Service Revenue	1,698,800.00
Total Income	1,698,800.00
Gross Profit	1,698,800.00
Expense	
Meals & Entertainment	
5402 · Meals - Employee Meetings	3,617.92
5405 · Meals - Bus. Development	644.01
Total Meals & Entertainment	4,261.93
Occupancy & Operating	
5125 · Cleaning & Janitor Supply	2,080.00
5140 · Computer & Network Service	5,205.95
5145 · Computer & Equipment	2,154.66
5175 · Copier Lease	5,568.53
5200 · Depreciation Exp	538.20
5300 · Commercial Insurance	
5302 · Directors & Officers	13,864.56
Total 5300 · Commercial Insurance	13,864.56
5650 · Rent (office)	73,001.26
5750 · Telephone - Conference Svc	177.79
5755 · Telephone - Local	2,902.30
5756 · Telephone - Long Distance	812.50
5757 · Telephone - Cellular	3,666.13
5758 · Internet Services	3,355.17
Total Occupancy & Operating	113,327.05
Office Expenses	
5100 · Bank Service Charges	1,583.40
5250 · Dues and Memberships	1,500.00
5365 · Kitchen Supplies	560.31
5425 · Misc. Expenses	675.52
5450 · Office Supplies	827.38
5475 · Overnight/Express Mail	
5476 · Overnight/Express Mail- Bus	1,266.16
Total 5475 · Overnight/Express Mail	1,266.16
5550 · Postage and Delivery	77.00
Total Office Expenses	6,489.77
Other Taxes & Statutory Payment	
5727 · Statutory & Other Co. Fees	1,506.93
5730 · State Income Tax Expense	1,050.00
Total Other Taxes & Statutory Payment	2,556.93
Personnel & Payroll	
5500 · Wages & Salaries	1,056,517.04
5510 · Payroll Service Charges	1,110.20
5525 · Payroll Taxes	26,513.01
5529 · Medical Insurance	
5530 · Dental Insurance	4,921.32
5535 · Vision Insurance	608.40
5540 · Health Insurance	26,843.54
Total 5529 · Medical Insurance	32,373.26

Zyduz Noveltech Inc.
Statement of Cash Flows
 January through December 2019

	Jan - Dec 19
OPERATING ACTIVITIES	
Net Income	149,549.65
Adjustments to reconcile Net Income to net cash provided by operations:	
1703 · A/R - Hercon	1,204,990.18
1705 · A/R - Rel Party	-25,764.00
1717 · Deferred Tax Asset	85,367.00
2125 · Accounts Payable - Other	-22,936.28
2053 · HSA Empl Withholdings	-2,900.00
2154 · Accounts Payable - Unvouchered	381,250.44
2155 · State Income Tax (CORP)	1,050.00
2159 · Accrued Payroll	4,866.57
	1,775,473.56
Net cash provided by Operating Activities	1,775,473.56
INVESTING ACTIVITIES	
1501 · Equipment Depreciation	538.20
1724 · Pledged Collateral (KeyBank)	219,324.37
1728 · I/C Note Receivable (BoA)	-6,879,892.77
	-6,660,030.20
Net cash provided by Investing Activities	-6,660,030.20
FINANCING ACTIVITIES	
2500 · Loan-related party	-2,000,000.00
2600 · Bank Loan	7,000,000.00
2700 · Deferred Tax Liability	2,111.00
2701 · Valuation Allowance	-87,478.00
	4,914,633.00
Net cash provided by Financing Activities	4,914,633.00
Net cash increase for period	30,076.36
Cash at beginning of period	79,768.57
Cash at end of period	109,844.93