Parry America, Inc.

Financial Statements
Years Ended March 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Parry America, Inc.
Arlington, Texas

We have audited the accompanying financial statements of Parry America, Inc., which comprise the balance sheets as of March 31, 2020 and 2019, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parry America, Inc. as of March 31, 2020 and 2019, 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.

BDO USA, LLP

Certified Public Accountants
May 7, 2020

Financial Statements

Parry America, Inc.

Balance Sheets

March 31,	**2020**	2019
Assets		
Current:		
Cash	**$ 1,943,650**	$ 2,625,417
Accounts receivable – trade	**2,072,887**	1,824,567
Inventories	**836,454**	1,265,945
Prepaid expenses	**51,788**	101,456
Income taxes receivable	**9,215**	58,363
Total current assets	**4,913,994**	5,875,748
Property and equipment:		
Office equipment	**18,154**	19,001
Vehicle	**36,200**	78,700
	54,354	97,701
Less: accumulated depreciation	**(25,579)**	(59,006)
Total property and equipment, net	**28,775**	38,695
Deferred tax asset	**14,683**	17,711
	$ 4,957,452	$ 5,932,154
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	**$ 11,315**	$ 8,053
Accounts payable - Parent	**980,571**	2,388,396
Accrued expenses	**114,138**	154,586
Total current liabilities	**1,106,024**	2,551,035
Commitments and contingencies (Note 5)		
Stockholder's equity:		
Common stock, $100 par value, 1,500 shares authorized, 776.48 shares issued and outstanding	**77,648**	77,648
Retained earnings	**3,773,780**	3,303,471
Total stockholder's equity	**3,851,428**	3,381,119
	$ 4,957,452	$ 5,932,154

See accompanying notes to financial statements.

Parry America, Inc.

Statements of Income and Retained Earnings

Year Ended March 31,	**2020**	2019
Sales	**$ 8,398,107**	$ 9,537,520
Cost of sales	**6,851,021**	8,165,490
Gross profit	**1,547,086**	1,372,030
Selling, general and administrative expenses:		
Marketing and advertising	**101,453**	126,994
Salaries and wages	**404,145**	391,108
Insurance	**51,919**	60,283
Professional fees	**219,996**	52,269
Travel	**20,921**	52,113
Licenses and permits	**63,647**	5,093
Rent	**24,168**	22,223
Payroll taxes and fees	**27,895**	33,862
Research and development	**16,597**	22,881
Dues and subscriptions	**23,106**	14,387
Depreciation	**10,541**	10,202
Auto	**1,192**	5,514
Communications	**6,573**	7,874
Office	**3,899**	—
Bank service charges	**516**	1,321
Postage	**22,388**	3,951
Meals and entertainment	**3,812**	2,177
Property taxes	**22,352**	—
Total selling, general and administrative expenses	**1,025,120**	812,252
Operating income	**521,966**	559,778
Other income (expense):		
Interest expense	**—**	(3,490)
Interest income	**—**	34
Other income, net	**8,500**	(511)
Total other income (expense), net	**8,500**	(3,967)
Income before income taxes	**530,466**	555,811
Income tax expense	**(60,157)**	(75,268)
Net income	**470,309**	480,543
Retained earnings, beginning of the year	**3,303,471**	2,822,928
Retained earnings, end of the year	**$ 3,773,780**	$ 3,303,471

See accompanying notes to financial statements.

Parry America, Inc.

Statements of Cash Flows

Year Ended March 31,	**2020**	2019
Cash flows from operating activities:		
Net income	**$ 470,309**	$ 480,543
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	**10,541**	10,202
Deferred tax provision (benefit)	**3,028**	(17,711)
Gain on sale of vehicle	**(8,500)**	—
Changes in operating assets and liabilities:		
Accounts receivable - trade	**(248,320)**	1,972,402
Inventories	**429,491**	775,262
Prepaid expenses	**49,668**	(1,904)
Income taxes receivable	**49,148**	26,613
Accounts payable	**3,262**	(46,591)
Accrued expenses	**(40,448)**	(265,136)
Net cash (used for) provided by operating activities	**718,179**	2,933,680
Cash flows from investing activities:		
Purchases of property and equipment	**(621)**	(12,773)
Proceeds from sale of vehicle	**8,500**	—
Net cash (used for) provided by investing activities	**7,879**	(12,773)
Cash flows from financing activities:		
Advances from (payments to) parent	**(1,407,825)**	(1,004,614)
Borrowings on line of credit	**—**	75,000
Repayment on line of credit	**—**	(75,000)
Net cash provided by (used for) financing activities	**(1,407,825)**	(1,004,614)
Net (decrease) increase in cash	**(681,767)**	1,916,293
Cash, beginning of year	**2,625,417**	709,124
Cash, end of year	**$ 1,943,650**	$ 2,625,417
Supplemental disclosure of cash flow information:		
Interest paid	**$ —**	$ 3,490
Income taxes paid	**$ —**	$ 57,750

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Parry America, Inc. (the "Company") was incorporated on December 14, 2000 under the laws of the State of Delaware. Effective April 1, 2018, Coromandel International Limited, formerly a related party through common ownership by E.I.D. Parry (India), Ltd., acquired the Company. As a result, the Company is a wholly-owned subsidiary of Coromandel International Limited (the "Parent"). The Company was formed to establish and grow the Parent's organic natural pesticide product business in the United States of America, Canada, Mexico, the Caribbean, and Central and South America. The Company develops organic pest control products for agriculture, turf, and home and garden applications.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Company's suppliers from India including the Parent decreased production levels based on factory closures and reduced operating hours in those facilities. The Company's suppliers have sufficient stock to meet demands through June 30, 2020, but the ability for suppliers to meet customer demands beyond that time is uncertain. The Company is dependent on its third-party manufacturers to manufacture and ship the products to its customers. The Company's third-party manufacturers continued manufacturing operations in April 2020 with limited manpower to ensure WHO guidelines on workers safety. Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2021.

Revenue Recognition

Effective January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as "ASC 606") using the modified retrospective transition approach applied to all contracts. Therefore, the reported results for the year ended March 31, 2020 reflect the application of Accounting Standards Codification ("ASC") 606 while the reported results for the year ended March 31, 2019 were not adjusted and continue to be reported under the accounting guidance, ASC 605, *Revenue Recognition* ("ASC 605"), in effect for the prior periods. The adoption of ASC 606 had no impact to the financial statements, thus no adjustment to the opening balance of retained earnings was recorded.

The Company recognizes revenue from product sales at a point in time when control of the promised goods is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. All of the Company's shipments are drop shipment sales in which the Company will have goods shipped directly to the customer from the Company's third-party vendor/supplier or manufacturer. Control of the goods is transferred either upon shipment from the third-party warehouse or upon receipt by the customer depending on the shipping terms of the contract.

Sales (and similar) taxes that are imposed on sales and collected from customers are excluded from revenues.

There are several factors in determining that control transfers to the customer upon shipment of products which include that legal title transfers to the customer, present right to payment exists, and the customer has assumed the risks and rewards of ownership.

Concentrations and Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Company has not experienced any losses on such accounts.

The Company had four customers that accounted for approximately 33%, 18%, 18%, and 15% of total revenues for the year ended March 31, 2020 and three customers that accounted for approximately 39%, 21% and 18% of accounts receivable – trade at March 31, 2020.

The Company had three customers that accounted for approximately 51%, 18%, and 10% of total revenues for the year ended March 31, 2019 and two customers that accounted for approximately 47%, and 12% of accounts receivable – trade at March 31, 2019.

Accounts Receivable

The Company sells its products on credit terms that the Company establishes for each customer. Trade receivables are recorded upon recognition of sales based upon the date the customer takes control of the product. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions and other risks inherent in the accounts receivable portfolio. Accounts are written off when they are determined to be uncollectible. As of March 31, 2020 and 2019, management determined accounts receivable were fully collectible and an allowance for doubtful accounts was not recorded.

Inventories

Inventories consist primarily of formulated and non-formulated pesticide product, Neemazal Technical, which is a raw material. Inventory is stated at the lower of cost or net realizable value. A reserve is recorded for any inventories deemed slow moving or obsolete. The Company recorded no inventory reserve at March 31, 2020 and 2019, respectively.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the useful lives of the assets. Useful lives range from 2 to 10 years. Maintenance and repairs are charged to expense as incurred. The carrying amount and accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in results of operations.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company’s tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

On March 27, 2020 the Coronavirus Aid, Relief and Economics Security (“CARES”) Act was enacted. The CARES Act was enacted to address the economic fallout of the COVID-19 outbreak on the economy. The CARES Act included benefits to corporate taxpayers including but not limited to allowing net operating losses to be carried back, increasing the 163(j) deductible interest limitation, and accelerating the refund of alternative minimum tax credits. Management has evaluated the effect and determined the corporate tax relief from the CARES act did not have a significant impact to the Company’s financial statements.

Use of Estimates

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 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. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

> Level 1 – Valuation based on adjusted quoted prices in active markets for identical assets or liabilities.
>
> Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
>
> Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, income taxes receivable, accounts payable and accrued expenses.

The Company does not have any Level 1, 2 or 3 financial instruments.

Accounting Pronouncements Issued but Not Yet Adopted

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is currently evaluating the impact of this ASU on its financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as loan receivables, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, and loans and receivables between entities under common control. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption may be selected for fiscal years beginning after December 15, 2018. An entity must apply the amendments in the ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. Management is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain items have been reclassified in the 2019 financial statements to conform to the 2020 presentation. Such reclassifications had no impact on previously reported net income.

2. Related Party Transactions

Accounts Payable – Parent

The Company purchases its products for resale from the Parent on terms generally similar to those prevailing with third parties. Approximately 90% of the Company’s purchases for each of the years ended March 31, 2020 and 2019, were from the Parent. At March 31, 2020 and 2019, $980,571 and $2,388,396, respectively, was due to the Parent related to such purchases.

3. Line of Credit

The Company currently maintains a line of credit with a bank for a maximum borrowing limit of $1,000,000, as amended. The line bears interest at the bank’s prime rate plus .5% (3.75% at March 31, 2020). The line is secured by accounts receivables of the Company, is guaranteed by the Company’s CEO, and matures on June 8, 2020. At March 31, 2020 and 2019, the Company had no amounts outstanding on this loan.

4. Income Taxes

Income tax expense (benefit) consists of the following:

For the Year Ended March 31,	**2020**	2019
Current:		
Federal	**$ 45,681**	$ 74,346
State	**11,448**	18,633
	57,129	92,979
Deferred:		
Federal	**2,421**	(14,162)
State	**607**	(3,549)
	3,028	(17,711)
Total income tax expense	**$ 60,157**	$ 75,268

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets are recorded to reflect deductible temporary differences and operating loss carry forwards while deferred tax liabilities are recorded to reflect taxable temporary differences.

Deferred tax asset consists of the following:

March 31,	**2020**	2019
Depreciation of property and equipment	**$ 1,853**	$ 10,000
Accrued expenses	**12,830**	7,711
	$ 14,683	$ 17,711

5. Commitments and Contingencies

Leases

The Company rents office space under an operating lease that expires in 2023, with an option to terminate the lease without penalty in 2021. Future minimum lease payments under this lease are as follows:

Year Ending March 31,	
2021	$ 20,351
2022	20,893
2023	8,799
	$ 50,043

Rent expense for the years ended March 31, 2020 and 2019 was approximately $24,000 and $22,200, respectively.

Litigation

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Company.

6. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2020 as of May 7, 2020, which is the date the financial statements were available to be issued. Subsequent events occurring after May 7, 2020 have not been evaluated by management. No material events have occurred since March 31, 2020 that require recognition or disclosure in the financial statements, except as follows:

The CARES Act appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Company has applied for, and has received, funds under the Paycheck Protection Program on May 4, 2020 in the amount of approximately $54,000. The application for these funds requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further requires the Company to take into account their current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on their future adherence to the forgiveness criteria.