

Intermed Intermediate Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 502,435	\$ 697,663
Accounts receivable, net	3,150,919	1,983,756
Inventories, net	3,062,210	1,773,462
Prepaid expenses and other current assets	569,198	1,803,447
Due from seller	5,579,411	-
Total current assets	12,864,173	6,258,328
Property and Equipment	2,032,960	1,711,413
Other Assets		
Goodwill, net	26,642,856	25,770,896
Intangible assets, net	7,425,550	3,638,179
Deferred income taxes, net	-	1,076,136
Total other assets	34,068,406	30,485,211
Total assets	<u>\$ 48,965,539</u>	<u>\$ 38,454,952</u>
Liabilities and Stockholder's Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 1,655,000	\$ 105,000
Accounts payable	1,672,177	1,107,162
Accrued expenses	1,295,388	1,296,504
Total current liabilities	4,622,565	2,508,666
Long-term Liabilities		
Long-term debt, net	13,210,205	9,943,123
Other long-term liabilities	847,050	730,159
Total liabilities	18,679,820	13,181,948
Stockholder's Equity		
Common stock, \$.001 par value per share	1	1
1,000 shares authorized		
1,000 shares issued and outstanding		
Additional paid-in capital	39,265,979	28,883,690
Accumulated other comprehensive income (loss)	(1,023)	4,428
Accumulated deficit	(9,209,267)	(3,713,692)
Total Intermed Intermediate Holdings, Inc. Stockholder's Equity	30,055,690	25,174,427
Noncontrolling interest in subsidiary	230,029	98,577
Total stockholder's equity	30,285,719	25,273,004
Total liabilities and stockholder's equity	<u>\$ 48,965,539</u>	<u>\$ 38,454,952</u>

See notes to consolidated financial statements

Intermed Intermediate Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations

Years Ended December 31, 2019 and the Period from June 28, 2018 to December 31, 2018

	<u>2019</u>	<u>2018</u>
Net Sales	\$ 17,065,583	\$ 6,140,506
Cost of Goods Sold	<u>5,420,144</u>	<u>1,924,667</u>
Gross profit	<u>11,645,439</u>	<u>4,215,839</u>
Operating Expenses		
Selling, general, and administrative expenses	13,406,080	5,853,401
Transaction costs	<u>732,280</u>	<u>1,669,548</u>
Total operating expenses	<u>14,138,360</u>	<u>7,522,949</u>
Operating loss	<u>(2,492,921)</u>	<u>(3,307,110)</u>
Other Expense (Income)		
Interest expense	1,513,616	572,226
Other income	<u>(49,475)</u>	<u>(50,111)</u>
Total other expense	<u>1,464,141</u>	<u>522,115</u>
Loss before income taxes	(3,957,062)	(3,829,225)
Income Tax Expense/(Benefit)	<u>1,401,824</u>	<u>(124,397)</u>
Net loss	(5,358,886)	(3,704,828)
Net Income attributable to noncontrolling interest	<u>136,689</u>	<u>8,864</u>
Net loss attributable to Intermed Intermediate Holdings, Inc. Stockholder	<u>\$ (5,495,575)</u>	<u>\$ (3,713,692)</u>

See notes to consolidated financial statements

Intermed Intermediate Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2019 and the Period from June 28, 2018 to December 31, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Net loss	\$ (5,358,886)	\$ (3,704,828)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation	108,493	45,396
Goodwill amortization	2,632,031	1,391,613
Intangible amortization	668,900	111,480
Valuation allowance	1,870,274	-
Deferred income taxes	(610,257)	(186,843)
Deferred financing costs amortization	117,082	45,595
Changes in assets and liabilities:		
Accounts receivable	(1,103,511)	(601,958)
Inventory	(1,086,971)	187,170
Prepaid expenses and other current assets	1,039,268	(1,562,402)
Accounts payable	572,071	(263,547)
Accrued expenses	(76,249)	96,672
Other long-term liabilities	101,303	51,032
Net cash flows from operating activities	<u>(1,126,452)</u>	<u>(4,390,620)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(422,149)	(83,654)
Due from seller	263,000	-
Acquisition of business, net of cash acquired	<u>(13,190,807)</u>	<u>(32,908,510)</u>
Net cash flows from investing activities	<u>(13,349,956)</u>	<u>(32,992,164)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	5,000,000	10,500,000
Principal payments on long-term debt	(155,000)	(52,500)
Payments for deferred financing costs	(145,000)	(444,972)
Issuance of stock and contribution from stockholder	<u>9,582,289</u>	<u>28,083,691</u>
Net cash flows from financing activities	<u>14,282,289</u>	<u>38,086,219</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(1,109)</u>	<u>(5,772)</u>
Net change in cash and cash equivalents	(195,228)	697,663
Cash and Cash Equivalents, Beginning	<u>697,663</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 502,435</u></u>	<u><u>\$ 697,663</u></u>
Supplementary Cash Flow Disclosures		
Cash paid for interest	<u>\$ 1,457,434</u>	<u>\$ 526,631</u>
Cash paid for income taxes	<u>\$ 19,379</u>	<u>\$ -</u>
Noncash Investing and Financing Activities		
Contribution of common stock from parent for business acquisition	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Due from seller from acquisition of business	<u>\$ 5,579,411</u>	<u>\$ -</u>

See notes to consolidated financial statements