
DGN PHARMACY, INC.
DBA Personal Rx

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018
(Unaudited)

(Expressed in United States Dollars)

INDEX TO FINANCIAL STATEMENTS

(UNAUDITED)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
DGN Pharmacy, Inc. DBA Personal Rx
East Rutherford, New Jersey

We have reviewed the accompanying financial statements of DGN Pharmacy, Inc. DBA Personal Rx (the "Company,"), which comprise the balance sheet as of December 31, 2019 and December 31, 2018, and the related statement of operations, statement of shareholders' equity (deficit), and cash flows for the year ending December 31, 2019 and December 31, 2018, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Going Concern

As discussed in Note 13, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Set Apart FS

September 21, 2020
Los Angeles, California

DGN Pharmacy, Inc. DBA Personal Rx
BALANCE SHEET
(UNAUDITED)

As of December 31,	2019	2018
(USD \$ in Dollars)		
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 77	\$ 5,397
Accounts receivable—net	84,878	193,251
Inventories	134,332	173,419
Prepays and other current assets	30,000	1,895
Total current assets	249,286	373,962
Property and equipment, net	132,313	254,205
Intangible assets	686,365	405,545
Security deposits	62,934	62,934
Total assets	\$ 1,130,898	\$ 1,096,646
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 426,198	\$ 178,909
Credit Card	25,617	14,430
Current portion of long term loan	1,473,276	1,923,973
Note Payable- related party	7,076,470	3,448,227
Other current liabilities	1,036,848	772,156
Total current liabilities	10,038,409	6,337,695
Long term debt less current maturities	97,007	779,882
Shareholder Loan	207,686	387,341
Total liabilities	10,343,102	7,504,918
STOCKHOLDERS EQUITY		
Common Stock	-	-
Additional Paid In Capital (APIC)	123,000	123,000
Retained earnings/(Accumulated Deficit)	(9,335,204)	(6,531,272)
Total stockholders' equity	(9,212,204)	(6,408,272)
Total liabilities and stockholders' equity	\$ 1,130,898	\$ 1,096,646

See accompanying notes to financial statements.

DGN Pharmacy, Inc. DBA Personal Rx.**STATEMENTS OF OPERATIONS****(UNAUDITED)**

For Fiscal Year Ended December 31,	2019	2018
(USD \$ in Dollars)		
Net revenue	\$ 1,549,232	\$ 1,649,839
Cost of goods sold	1,486,540	1,539,554
Gross profit	62,691	110,286
Operating expenses		
General and administrative	2,135,871	2,024,370
Sales and marketing	211,225	100,750
Total operating expenses	2,347,096	2,125,120
Operating income/(loss)	(2,284,405)	(2,014,834)
Interest expense	474,913	516,100
Other Loss/(Income)	44,614	-
Income/(Loss) before provision for income taxes	(2,803,932)	(2,530,933)
Provision/(Benefit) for income taxes	-	-
Net income/(Net Loss)	<u>\$ (2,803,932)</u>	<u>\$ (2,530,933)</u>

See accompanying notes to financial statements.

DGN Pharmacy, Inc. DBA Personal Rx
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

(in , \$US)	Common Stock		Additional Paid in Capital	Retained earnings/ (Accumulated Deficit)	Total Shareholder Equity
	Shares	Amount			
Balance—December 31, 2017	200	\$ -	\$ 123,000	\$ (4,000,339)	\$ (3,877,339)
Issuance of Common Stock	-	-	-	-	-
Net income/(loss)				(2,530,933)	(2,530,933)
Balance—December 31, 2018	200	\$ -	\$ 123,000	\$ (6,531,272)	\$ (6,408,272)
Issuance of Common Stock	-	-	-	-	-
Net income/(loss)				(2,803,932)	(2,803,932)
Balance—December 31, 2019	200	\$ -	\$ 123,000	\$ (9,335,204)	\$ (9,212,204)

See accompanying notes to financial statements.

DGN Pharmacy, Inc. DBA Personal Rx.**STATEMENTS OF CASH FLOWS****(UNAUDITED)**

For Fiscal Year Ended December 31,	2019	2018
(USD \$ in Dollars)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ (2,803,932)	\$ (2,530,933)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Depreciation of property	121,892	168,997
Amortization of intangibles	149,946	143,124
Changes in operating assets and liabilities:		
Accounts receivable	108,374	(133,592)
Inventory	39,087	(9,246)
Prepaid expenses and other current assets	(28,105)	15,599
Accounts payable and accrued expenses	247,289	77,660
Credit Cards	11,187	14,430
Other current liabilities	264,692	466,111
Net cash provided/(used) by operating activities	(1,889,570)	(1,787,850)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(169,386)
Purchases of intangible assets	(430,767)	(172,945)
Net cash provided/(used) in investing activities	(430,767)	(342,332)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing on Loans and Notes	3,628,243	2,948,564
Repayment of Shareholder Notes Payable	(179,655)	(267,714)
Repayment of Loans Payable	(1,133,572)	(552,753)
Net cash provided/(used) by financing activities	2,315,016	2,128,097
Change in cash	(5,320)	(2,085)
Cash—beginning of year	5,397	7,482
Cash—end of year	\$ 77	\$ 5,397
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 474,913	\$ 516,100
Cash paid during the year for income taxes	\$ -	\$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Issuance of equity in return for note	-	-
Issuance of equity in return for accrued payroll and other liabilities	-	-
<i>See accompanying notes to financial statements.</i>		

DGN Pharmacy, Inc. DBA Personal Rx.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2019 AND DECEMBER 31, 2018

All amounts in these Notes are expressed in thousands of United States dollars (“\$” or “US\$”), unless otherwise indicated.

1. SUMMARY

DGN Pharmacy, Inc. DBA Personal Rx was founded on April 17, 2009 in the state of New Jersey. The financial statements of DGN Pharmacy, Inc. DBA Personal Rx (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in East Rutherford, New Jersey.

The Company began operations in 2010 as a simple retail pharmacy selling prescription and non-prescription items to the local marketplace. The Company launched its GroupRX platform in February 2011, providing medication services to camps, schools, therapeutic programs and group homes through this web-based service. In 2015 the Company shifted focus away from multiple brands, including CampRX and GroupRX, instead moving toward a single PersonalRX brand with specific focus on individuals going forward. In 2016 the Company launched the current PersonalRX web-based platform, servicing individuals referred to the Company through group relationships, as well as advertising and marketing directly to consumers for home delivery. The pharmacy provides a VIP level of service for all patients. Each is provided with the direct phone number of the pharmacy tech who manages the patient account and ensures that a new 30-day supply is provided before the current supply runs out. Patients are provided access to the RX2 Mobile app which has helpful features, such as Med Reminders that provide the patient with a phone call, text, or a reminder from Google’s Alexa when it’s time to take their medicine. Patient relationships are managed and workflow processes are largely automated thanks to RX2 Admin, the company’s proprietary application. From patient registration to fulfillment, delivery, billing, refill management, quality assurance and more - RX2 Admin drives process and productivity. PersonalRX is a technology-enabled pharmacy.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting. The Company has adopted the calendar year as its fiscal year.

Use of Estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy.

DGN Pharmacy, Inc. DBA Personal Rx.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2019 AND DECEMBER 31, 2018

Accounts Receivable

Accounts receivable result from the sale of pharmacy items by the Company, from two primary payer sources: individuals (patient pay); and insurance claims processors. The Company does not accrue interest on unpaid receivables. In evaluating the collectability of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts, which reduces the carrying amount of receivables. Accounts receivable are charged against the allowance when substantially all collection efforts cease. Recoveries of accounts receivable previously charged off are recorded when received

Inventories

Inventory consists principally of purchased prescription drugs and over-the-counter pharmaceuticals, and is stated at the lower of average cost or net realizable value.

Property and Equipment

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment is as follows:

Category	Useful Life
Machinery and equipment	5 years
Furniture and fixtures	5-7 years
Computer equipment	5 years
Leasehold improvements	15 years

Intangible Assets

Intangible assets with finite lives are capitalized and amortized over the estimated useful lives using the straight-line method. The customer list was recognized as part of a 2015 CampRx asset acquisition, and is being amortized over five years. Consulting costs incurred to develop the Company's website, including its web-based patient portals, are capitalized and amortized over a three-year period. Costs related to design or maintenance of this technology are expensed as incurred. Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable.

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a

location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

Income Taxes

DGN Pharmacy, Inc. DBA Personal Rx is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Revenue Recognition

The Company recognizes revenues primarily from the sale of its products when (a) persuasive evidence that an agreement exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (b) delivery has occurred or services have been performed; (c) the prices are fixed and determinable and not subject to refund or adjustment; and (d) collection of the amounts due is reasonably assured.

Sales of pharmaceutical products are recognized when products are shipped and risk of loss has passed to the customer, the sales price is fixed and determinable, and collection is reasonably assured.

The majority of the Company's revenue is derived from third-party insurers (a portion of which includes the prescription drug benefit under the Medicare Part D program), while a small portion is from state Medicaid programs. The net sales and receivables reported in the accompanying financial statements are adjusted for estimated contractual allowances for the differences between the amounts reimbursable under payment arrangements with Medicare, Medicaid and insurance companies and the Company's established rates. In addition, the Company establishes allowances for doubtful accounts based on historical losses and specifically identified credit risks.

Cost of sales

Costs of goods sold include the cost of purchases, shipping and delivery, supply and materials.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of such instruments.

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through September 18, 2020, which is the date the financial statements were issued.

Recently Issued and Adopted Accounting Pronouncements

In February 2019, FASB issued ASU No. 2019-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

3. INVENTORY

Inventory consists of the following items:

As of Year Ended December 31,	2019	2018
Pharmaceutical products	134,332	173,419
Total Inventories	\$ 134,332	\$ 173,419

4. DETAILS OF CERTAIN ASSETS AND LIABILITIES

Account receivables consist primarily of trade receivables, accounts payable consist primarily of trade payables. Prepaids and other current assets consist of the following items:

As of Year Ended December 31,	2019	2018
Other current assets	30,000	1,895
Total Prepaids Expenses and other Current Assts	\$ 30,000	\$ 1,895

Other current liabilities consist of the following items:

As of Year Ended December 31,	2019	2018
Accrued Salary and Payroll Taxes	696,408	400,116
Accrued expenses	272,100	306,685
Other current liabilities	68,340	65,355
Total Other Current Liabilities	1,036,848	772,156

DGN Pharmacy, Inc. DBA Personal Rx.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2019 AND DECEMBER 31, 2018

5. PROPERTY AND EQUIPMENT

As of December 31, 2019, property and equipment consists of:

As of Year Ended December 31,	2019	2018
Computer equipment	\$ 52,164	\$ 52,164
Furnitures and fixtures	57,166	57,166
Machinery and equipment	717,640	717,640
leasehold improvements	5,925	5,925
Property and Equipment, at Cost	832,895	832,895
Accumulated depreciation	(700,582)	(578,690)
Property and Equipment, Net	\$ 132,313	\$ 254,205

Depreciation expense for property and equipment for the fiscal year ended December 31, 2019 and 2018 was in the amount of \$121,892 and \$168,997 respectively.

6. INTANGIBLE ASSETS

As of December 31, 2019, intangible asset consists of:

As of Year Ended December 31,	2019	2018
Intangible assets, at cost	\$ 1,214,821	\$ 784,054
Website development	1,014,821	584,054
Customer List	200,000	200,000
Accumulated amortization	(528,455)	(378,509)
Intangible assets, Net	\$ 686,365	\$ 405,545

Amortization expense for patents for the fiscal year ended December 31, 2019 and 2018 was in the amount of \$ 149,946 and \$ 143,124 respectively.

Period	Amortization Expense
2020	\$ (99,946)
2021	(99,946)
2022	(99,946)
2023	(99,946)
Thereafter	(286,581)
Total	\$ (686,365)

7. CAPITALIZATION AND EQUITY TRANSACTIONS**Common Stock**

The Company is authorized to issue 200 shares of common shares with no par value. As of December 31, 2019, and December 31, 2018, all 200 shares of common stock have been issued and outstanding.

8. DEBT**Notes Payable:**

Notes payable consisted of the following:

	<u>2019</u>	<u>2018</u>
Note payable to Live Oak Bank in the amount of \$1,000,000. The note is a SBA guaranteed 7(a) term loan and matures on April 8, 2025. Interest is calculated at a rate of Wall Street Journal Prime Rate + 2.00%, adjusted quarterly, and accrues on a 365 day basis. The loan is secured by a 1st priority secured interest in all personal property, a lien on equipment purchased with the loan; and a 2nd priority secured interest in shareholder's residential real estate.	\$ 622,620	\$ 708,592
Note payable to HD Smith, representing past due trade payables termed into loans, along with unpaid loan interest. The note matured on April 30, 2018, with interest at a rate of 7.00%. The loan is secured by all assets of the Company, and a shareholder personal guarantee. The note was extended several times with \$50,000 per month repayments made as required.	30,000	1,018,265
Note payable to Kjam Realty. The note matured on October 7, 2017. Interest is calculated at a rate of 12.00% and is due monthly. A balloon payment was due on maturity date. The loan is secured by shareholder personal guarantee and by a mortgage on personal real estate of the shareholder. While in default, the loan continues to accrue interest which the Company pays monthly, and Kjam continues to accept without invoking any default action.	\$ 750,000	\$ 750,000

DGN Pharmacy, Inc. DBA Personal Rx.**NOTES TO FINANCIAL STATEMENTS****FOR YEAR ENDED TO DECEMBER 31, 2019 AND DECEMBER 31, 2018**

Notes Payable (continued):

Equipment loan payable to Americorp in the amount of \$146,161. The note has a five year term that matures on December 28, 2022. Interest is calculated at a rate of 9.755%, with monthly repayment of \$ 3,158. The loan is secured by the equipment purchased.

	101,923	131,314
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Equipment loan payable to Americorp in the amount of \$168,613. The note has a five year term that matures on April 1, 2022. Interest is calculated at a rate of 9.755%, with monthly payments of \$3,330 plus sales tax. The loan is secured by new packaging equipment and robots purchased for expanded revenue.

	<u>88,694</u>	<u>121,378</u>
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	1,593,236	2,729,549
Less: current portion	(1,473,276)	(1,923,973)

Less: unamortized debt issuance costs	<u>(22,953)</u>	<u>(25,694)</u>
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Long-term debt	<u>\$ 97,007</u>	<u>\$ 779,882</u>
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Shareholder Loan

Since inception, the company has received advances/loans from its majority stockholder and CEO, Lawrence Margolis. On October 29, 2014, a promissory note was entered into by both parties for the advances in the aggregate amount of \$750,000 including interest. The note carries a 4% interest rate and was to mature on January 1, 2019. The principal and interest are due on demand. As of December 31, 2019, and December 31, 2018, the balance due the stockholder was \$207,686 and \$387,341.

Note Payable- related party

The majority stockholder of the Company also has a majority ownership interest in Health Tech Harbor, Inc. ("HTH"). In November 2017, HTH made loans to the Company under a promissory note with interest at 5% per annum, and principal plus accrued interest due on demand. As of December 31, 2019, and December 31, 2018, the balance due the related party was \$ 7,076,470 and \$3,448,227. On July 17, 2020, the company signed the Loan Restructuring Agreement, where both parties have agreed to restructure the payment terms of Notes, so DGN Notes will be paid and satisfied over 36 months as follow:

- From 1st until 6th month: no payment. Interest shall accrue at the rate of 5% annually
- From 7th to 18th month: Payment of interest-only installments
- From 19th- 35th month: Payment of 5% interest only installment plus principal installment of \$30,000 per month in 36th month: All accrued unpaid interest, together with the principal, shall be due and payable on the third anniversary date hereof.

DGN Pharmacy, Inc. DBA Personal Rx.**NOTES TO FINANCIAL STATEMENTS****FOR YEAR ENDED TO DECEMBER 31, 2019 AND DECEMBER 31, 2018**

9. INCOME TAXES

The provision for income taxes for the year ended December 31, 2019 and December 31, 2018 consists of the following:

As of Year Ended December 31,	2019	2018
Net Operating Loss	\$ (574,303)	\$ (690,310)
Valuation Allowance	574,303	690,310
Net Provision for income tax	\$ -	\$ -

Significant components of the Company's deferred tax assets and liabilities at December 31, 2019, and December 31, 2018 are as follows:

As of Year Ended December 31,	2019	2018
Net Operating Loss	\$ (2,234,243)	\$ (1,543,933)
Valuation Allowance	2,234,243	1,543,933
Total Deferred Tax Asset	\$ -	\$ -

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2019. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

For the fiscal year ending December 31, 2019, the Company had net operating loss ("NOL") of \$2,498,858, and the Company had net operating loss ("NOL") carryforwards of approximately \$8,087,756. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. Under the provisions of the Internal Revenue Code, the NOLs and tax credit carryforwards are subject to review and possible adjustment by the IRS and state tax authorities. NOLs and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. The Company has not performed a comprehensive Section 382 study to determine any potential loss limitation with regard to the NOL carryforwards and tax credits.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2019, and December 31, 2018, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2019, and December 31, 2018, the Company had no accrued interest and penalties related to uncertain tax positions.

10. RELATED PARTY

Since inception, the company has received advances/loans from its majority stockholder and CEO, Lawrence Margolis. On October 29, 2014, a promissory note was entered into by both parties for the advances in the aggregate amount of \$750,000 including interest. The note carries a 4% interest rate and was to mature on January 1, 2019. The principal and interest are due on demand. As of December 31, 2019, and December 31, 2018, the balance due the stockholder was \$207,686 and \$387,341.

The majority stockholder of the Company also has a majority ownership interest in Health Tech Harbor, Inc. ("HTH"). In November 2017, HTH made loans to the Company under a promissory note with interest at 5% per annum, and principal plus accrued interest due on demand. As of December 31, 2019, and December 31, 2018, the balance due the related party was \$ 7,076,470 and \$3,448,227. On July 17, 2020, the company signed the Loan Restructuring Agreement, where both parties have agreed to restructure the payment terms of Notes, so DGN Notes will be paid and satisfied over 36 months as follow:

- From 1st until 6th month: no payment. Interest shall accrue at the rate of 5% annually
 - From 7th to 18th month: Payment of interest-only installments
 - From 19th- 35th month: Payment of 5% interest only installment plus principal installment of \$30,000 per month
- in 36th month: All accrued unpaid interest, together with the principal, shall be due and payable on the third anniversary date hereof.

11. COMMITMENTS AND CONTINGENCIES**Operating Leases**

As of December 31, 2017, the Company entered into lease agreement with Murray Hill Parkway Flex Building, LLC for office and warehouse space with 9,248 square meters located in East Rutherford, New Jersey. The lease contains a rent escalation clause and expires July 31, 2023, with a five-year renewal option. Under the terms of the lease, the Company is required to pay utilities costs and its allocated share of any operating cost increases in addition to monthly rent. Monthly based rent in the first and second years amounts to \$ 13,294, in third \$ 14,257, in forth \$ 15,028 and in the final six year \$ 15,413 plus the company shall pay Landlord monthly, as additional rent, an electric usage fee of \$1,926.66. Security deposits is \$ 53,176.

The aggregate minimum annual lease payments under operating leases in effect on December 31, 2019, are as follows:

Year	Obligation
2020	\$ 217,312
2021	226,560
2022	226,560
2023	115,592
Thereafter	-
Total future minimum operating lease payments	\$ 786,024

Rent expense was in the amount of \$ 121,600 and \$ 143,712 as of December 31, 2019 and December 31, 2018 respectively.

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 21, 2020 the date the financial statements were available to be issued.

On June 1, 2020 the company entered into a Paycheck Protection Program (PPP) Loan with Live Oak Bank in the amount of \$209,900. The loan bears interest of 1% per annum, maturity date is April 8, 2022.

On June 10, 2020, the company entered into the Future Receivables Sale and Purchase agreement with CFG Merchant Solutions, LLC a buyer regarding sale of future receipt. Amount sold is \$106,500 and purchase price is \$75,000

On June 11, 2020 Gregg Kattine loaned the Company \$100,000 and subsequent loans consisting of \$100,000 on June 24, 2020, \$50,000 on July 23, 2020, \$50,000 on August 20, 2020, \$50,000 on September 3, 2020, and \$30,000 on September 17, 2020 for an aggregate amount of \$380,000. The loan has a 6% interest rate and matures on November 20, 2021.

On July 7, 2020, the company entered into the Future Receivables Sales and Purchase agreement with Simply Equities LLC, a buyer regarding sale of future receipt. Amount sold is \$80,245 and the purchase price is \$55,000.

On September 20, 2020, the company entered into the Future Receivables Sale and Purchase agreement with Mantis Funding LLC, a buyer regarding sale of future receipt. Amount sold \$108,750.00 Purchase price \$7,051.

On May 28th, 2020 Kjam Realty lent an additional \$35,000. The loan has a 6% interest rate and no maturity date has been set.

Between January 1, 2020 and June 30, 2020 additional money due to related party Health Tech Harbor \$1,101,373.69. On July 17, 2020, the company signed the Loan Restructuring Agreement, where both parties have agreed to restructure the payment terms of Notes, so DGN Notes will be paid and satisfied over 36 months as follow:

- From 1st until 6th month: no payment. Interest shall accrue at the rate of 5% annually
- From 7th to 18th month: Payment of interest-only installments

- From 19th- 35th month: Payment of 5% interest only installment plus principal installment of \$30,000 per month in 36th month: All accrued unpaid interest, together with the principal, shall be due and payable on the third anniversary date hereof.

On September 21, 2020, the company filed to restate its articles of incorporation to authorize the issuance of 30,000,000 shares of Common Stock at \$0.0001 par value per share.

There have been no other events or transactions during this time which would have a material effect on these financial statements.

13. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a net operating loss of \$2,803,932, an operating cash flow loss of \$ 1,889,570 and an accumulated deficit of \$9,335,204 as of December 31, 2019. The Company's situation raises a substantial doubt on whether the entity can continue as a going concern in the next twelve months.

The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results.

Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. During the next twelve months, the Company intends to fund its operations through debt and/or equity financing.

There are no assurances that management will be able to raise capital on terms acceptable to the Company. If it is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm its business, financial condition, and operating results. The accompanying financial statements do not include any adjustments that might result from these uncertainties.