PragerMetis

Renaissance Jewelry New York, Inc. and Subsidiaries
Consolidated Financial Statements
March 31, 2023

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PragerMetis

Independent Auditor's Report

To the Board of Directors & Stockholders of
Renaissance Jewelry New York, Inc. and Subsidiaries

Prager Metis CPAs, LLC

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Opinion

We have audited the accompanying consolidated financial statements of Renaissance Jewelry New York, Inc. and Subsidiaries (the "Company") which comprise the consolidated balance sheet as of March 31, 2023, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Renaissance Jewelry New York, Inc. and Subsidiaries as of March 31, 2023, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Renaissance Jewelry New York, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Renaissance Jewelry New York, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Renaissance Jewelry New York, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Renaissance Jewelry New York, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
New York, New York
May 22, 2023

Renaissance Jewelry New York, Inc. and Subsidiaries
Consolidated Balance Sheet
March 31, 2023

Assets	
Current assets	
Cash and cash equivalents	$ 6,571,481
Accounts receivable, net	20,177,236
Accounts receivable, related parties	6,755,482
Inventory	59,164,531
Loans receivable	56,464
Prepaid expenses and other current assets	1,279,770
Total current assets	94,004,964
Property and equipment, net	4,514,323
Goodwill	369,036
Intangible assets, net	77,321
Deferred tax assets, net	1,169,000
Other assets	1,022,198
Operating lease right-of-use asset, net	16,039,396
Total assets	$ 117,196,238
Liabilities and stockholders' equity	
Liabilities	
Current liabilities	
Short-term borrowings	$ 21,102,946
Accounts payable, trade	3,025,045
Accounts payable, related party	11,631,352
Accrued expenses and other payables	187,516
Customer refund liabilities	3,947,506
Notes payable, current portion	118,871
Loan payable, related party	3,750,000
Operating lease right-of-use liabilities, current portion	885,107
Total current liabilities	44,648,343
Operating lease right-of-use liabilities, net of current portion	15,770,039
Total liabilities	60,418,382
Stockholders' equity	
Common stock – no par value, 1,000 shares authorized, 225 shares issued and outstanding	37,755,823
Additional paid-in-capital	285,824
Retained earnings	18,736,209
Total stockholders' equity	56,777,856
Total liabilities and stockholders' equity	$ 117,196,238

The accompanying notes are an integral part of these consolidated financial statements.

Net sales	$ 155,493,677
Cost of sales	131,793,079
Gross profit	23,700,598
Operating expenses	
General and administrative expenses	19,147,637
Depreciation and amortization expense	504,043
Total operating expenses	19,651,680
Income from operations	4,048,918
Interest expense, net	(1,894,528)
Net income before provision for income taxes	2,154,390
Provision for income taxes	(481,031)
Net income	$ 1,673,359

The accompanying notes are an integral part of these consolidated financial statements.

	Common Stock		Additional	Retained	Total Stockholders'
	Shares	Amount	Paid-in-Capital	Earnings	Equity
Balance at April 1, 2022	202	$ 32,241,596	$ -	$ 17,062,850	$ 49,304,446
Issuance of common stock	23	5,514,227	-	-	5,514,227
Stock-based compensation	-	-	285,824	-	285,824
Net income	-	-	-	1,673,359	1,673,359
Balance at March 31, 2023	225	$ 37,755,823	$ 285,824	$ 18,736,209	$ 56,777,856

The accompanying notes are an integral part of these consolidated financial statements.

Cash flows from operating activities	
Net income	$ 1,673,359
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	504,043
Deferred taxes	57,002
Operating lease right-of-use asset, net	555,596
Non-cash compensation expense	285,824
Lease at below-market rate	(160,386)
Amortization of debt issuance costs shown as interest expense	103,043
Change in operating assets and liabilities	
Accounts receivable	4,360,066
Accounts receivable, related parties	(312,083)
Inventory	10,784,503
Loans receivable	58,041
Prepaid expenses and other current assets	122,288
Other assets	(6,105)
Accounts payable, trade	404,962
Accounts payable, related party	(8,068,957)
Accrued expenses and other payables	(815,900)
Customer refund liabilities	(406,088)
Net cash provided by operating activities	9,139,208
Cash flows from investing activities	
Purchase of property and equipment	(3,436,351)
Net cash used in investing activities	(3,436,351)
Cash flows from financing activities	
Issuance of common stock	5,514,227
Proceeds from loan payable, related party	3,750,000
Repayments of short-term borrowings	(14,238,922)
Repayments of note payable	(9,260,880)
Net cash used in financing activities	(14,235,575)
Net decrease in cash and cash equivalents	(8,532,718)
Cash and cash equivalents, beginning of year	15,104,199
Cash and cash equivalents, end of year	$ 6,571,481
Supplemental disclosures of cash flow activities	
Interest	$ 1,723,621
Income taxes	$ 649,400
Supplemental disclosure of non-cash investing and financing activities	
ROU asset and lease liability from the adoption of the new lease accounting guidance	$ 17,682,374

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Nature of Operations

Renaissance Jewelry New York, Inc. ("Renaissance") is a minority owned subsidiary of Renaissance Global Limited, 44.44% of a company based in India, and a majority owned subsidiary of Verigold Jewellery DMCC 55.56%, a company based in Dubai. Renaissance was incorporated on April 23, 2007 under the laws of the State of New York. Jay Gems Inc. ("Jay Gems") is a wholly owned subsidiary of Renaissance that was incorporated on November 22, 2000 in New York. Essar Capital LLC ("Essar") is a wholly owned subsidiary of Jay Gems that was formed on March 13, 2014 in New York.

The accompanying consolidated financial statements represent the operations of Renaissance, Jay Gems, and Essar. All material intercompany transactions and balances have been eliminated.

Renaissance Jewelry New York, Inc. and Subsidiaries (the "Company") is an importer and wholesaler of diamonds and jewelry whose customers are located primarily throughout the United States of America. Large retail chains comprise a significant portion of the Company's customer base. Management believes that credit risk resulting from concentrations is limited due to the large number of entities comprising this base and their dispersion across many different geographic regions.

The worldwide outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020, has impacted and may continue to impact global commerce. The full impact of the COVID-19 outbreak continues to evolve, and management is actively monitoring and adapting to the situation. It is uncertain as to the magnitude the COVID-19 pandemic will have in the future on the global economy as well as the Company's financial condition and future results of operations. To date, management has been able to effectively navigate the impact of the COVID-19 pandemic in meeting its operational and financial goals.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

Note 2 Summary of Significant Accounting Policies (continued)

Accounts Receivable
Accounts receivable are stated at original amount less an allowance for doubtful accounts. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable at the date of the consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions.

Estimated costs associated with trade discounts, advertising allowances, markdowns, and allowance for returns which constitute variable consideration are reflected as a reduction of sales and classified as current liabilities. The Company makes allowances against known chargebacks, as well as for an estimate of potential future deductions by customers. These allowances result from negotiations with the Company's customers, historic deduction trends and the evaluation of current market conditions.

Inventory
Inventories, which consist primarily of finished goods, are stated at the lower of cost and net realizable value. Cost is determined in accordance with the FIFO (First-In, First-Out) method.

Property and Equipment, Net
Property and equipment are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, typically three to seven years for machinery and equipment, five to seven years for furniture and fixtures, five to seven years for model and display, and the shorter of the lease term or useful life for leasehold improvements. Expenditures for renewals and betterments that extend the useful lives of the property and equipment are capitalized. Repairs and maintenance expenditures, which do not extend the useful lives of the related assets, are expensed as incurred.

Goodwill
Goodwill represents the excess of acquisition cost over the fair value of net assets acquired using the acquisition method of accounting as prescribed under Accounting Standards Codification ("ASC") 805, *Business Combinations*. In accordance with ASC 350, *Intangibles – Goodwill and Other,* the Company evaluates goodwill for possible impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-03, *Accounting Alternative for Evaluating Triggering Events*. The amendments allow an entity to elect not to monitor for goodwill impairment triggering events during the reporting period and, instead, to evaluate the facts and circumstances as of the end of the reporting period to determine whether it is more likely than not that goodwill is impaired.

The Company adopted this ASU in December 2021. In 2022, due to current results and economic conditions, the Company did not perform an impairment test as there was no triggering event.

Note 2 Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets consist of various assets which have finite useful lives and are carried at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful lives of the intangible assets ranging from 5 to 15 years.

Long-Lived Assets

The Company reviews the carrying values of its long-lived assets including finite-lived intangible assets, when events or changes in circumstances would indicate that it is more likely than not their carrying values may exceed their realizable values, and records impairment charges when considered necessary.

When circumstances indicate that impairment may have occurred, the Company tests such assets for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of such assets and their eventual disposition to their carrying amounts. In estimating these future cash flows, assets and liabilities are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows generated by other such groups. If the undiscounted future cash flows are less than the carrying amount of the asset, an impairment loss, measured as the excess of the carrying value of the asset over its estimated fair value, is recognized. Fair values are determined based on discounted cash flows, quoted market values or external appraiser as applicable. There was no impairment of the Company's long-lived assets for the year ended March 31, 2023.

Revenue Recognition

The Company follows FASB ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the Company satisfies a performance obligation. Revenue is recognized when the contract is in place, obligations under the terms of the contract are satisfied and control is transferred to the customer. The Company considers control to have been transferred when the Company has transferred the physical possession of the product, the Company has a right to payment for the product, the customer has legal title to the product and the customer has significant risks and rewards of the product. Revenue is recognized for an amount that reflects the consideration to which the Company is entitled in exchange for the product. The Company records variable considerations as a reduction of revenue arising from implicit or explicit obligation in the period the related product revenue is recognized. Variable consideration includes trade discounts, markdowns, co-op advertising, sales returns and other customer allowances. Variable consideration is estimated based on historical experience, customer agreements and expectations, statutory requirements, current economic conditions and other factors that arise in the normal course of business.

The Company has elected to treat all shipping and handling activities as fulfillment costs and recognize the costs as shipping expenses at the time revenue is recognized. Shipping and handling costs billed to customers are included as a component of operating expenses on the consolidated statement of income.

Note 2 Summary of Significant Accounting Policies (continued)

Stock-Based Compensation
The Company follows FASB ASC Subtopic 718-10, *Compensation–Stock Compensation*. Stock-based compensation expense requires measurement of compensation cost for stock-based awards at fair value on the grant date and recognition of compensation cost on a straight-line basis over the requisite service and vesting period, net of estimated forfeitures, if any.

The grant date fair value of stock options is estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available).

Stock-based compensation represents vested and non-vested stock options granted to employees and are included as a component of general and administrative expenses in the consolidated statement of income. Forfeitures are recognized as they occur.

Advertising and Promotion Expenses
Advertising and promotion costs, which are included as a component of general and administrative expenses on the consolidated statement of income, are expensed as incurred. Advertising and promotion expense was $3,646,345 for the year ended March 31, 2023. The Company also participates in the co-op advertising program with certain customers. For the year ended March 31, 2023, co-op advertising expense amounted to $6,525,128.

Income Taxes
Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is required if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are based on the current period taxable income for Federal, state and local income tax reporting purposes.

The Company follows guidance issued by the FASB ASC 740, *Accounting for Income Taxes*, regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

Note 2 Summary of Significant Accounting Policies (continued)

The Company records income tax related interest and penalties as a component of the provision for income tax expense. As of March 31, 2023, the Company determined there were no uncertain tax positions.

The Company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

Leases

Effective April 1, 2022, the Company adopted FASB ASU No. 2016-02, *Leases (Topic 842),* and subsequent amendments thereto, which requires the Company to recognize most leases on the consolidated balance sheet.

The Company elected the available practical expedients to account for existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Company elected to use the risk free rate to discount the future lease payments for all equipment and small office space leases. The Company's primary office and showroom lease was discounted using the incremental borrowing rate which is defined as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

The Company made an accounting policy election to exclude leases with an initial term of 12 months or less from the balance sheet. The Company will recognize the lease payments on a straight-line basis over the lease term.

On April 1, 2022, as a result of the adoption of the new lease accounting guidance, the Company recognized a lease liability of $17,682,374 and a right-of-use asset ("ROU") at that carrying amount. At year end, March 31, 2023, the lease liability of $16,655,146 represents the present value of the remaining operating lease payments, discounted using the Company's weighted average discount rate of 3.50% and ROU asset of $16,039,396 which represents the straight-lined lease expense for the remainder of the lease periods.

The standard had a material impact on the Company's consolidated balance sheet but did not have an impact on the consolidated statement of income, nor the consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 3 Accounts Receivable, Net

Accounts receivable consist of the following at March 31:

	2023	2022
Accounts receivable	**$ 20,407,193**	$ 24,767,259
Accounts receivable, related parties	**6,755,482**	6,443,399
Allowance for doubtful accounts	**(229,957)**	(229,957)
Accounts receivable, net of allowances	**$ 26,932,718**	$ 30,980,701

Note 4 Property and Equipment, Net

Property and equipment consist of the following at March 31, 2023:

Leasehold improvements	$ 2,761,222
Computers and equipment	976,460
Furniture and fixtures	990,440
Other depreciable property	64,458
Total property and equipment	4,792,580
Less: accumulated depreciation and amortization	278,257
	$ 4,514,323

Depreciation and amortization expense related to property and equipment, net was $324,374 for the year ended March 31, 2023.

Note 5 Intangible Assets

Intangible assets consist of the following at March 31, 2023

License agreement	$ 4,000,000
Customer list	2,000,000
Non-compete covenants	370,000
Trademarks	93,500
	6,463,500
Less: accumulated amortization	(6,386,179)
	$ 77,321

Estimated amortization expense for the next five fiscal years and thereafter is as follows:

Years Ending March 31,	
2024	$ 32,129
2025	6,692
2026	6,000
2027	6,000
2028	6,000
Thereafter	20,500
	$ 77,321

Amortization expense related to intangible assets for the year ended March 31, 2023 was $179,669.

Note 6 Credit Facility

The Company has a credit facility with a bank allowing for maximum borrowing of $25,000,000 to be utilized for working capital purposes. Borrowings under this facility are subject to a borrowing base limitation consisting of specified percentages of eligible accounts receivable and inventories. Interest on these borrowings is calculated as a function of the bank's prime rate (8.25% at March 31, 2023) or LIBOR (4.70% at March 31, 2023). At March 31, 2023, the outstanding borrowings were $21,102,946 which are secured by substantially all assets of the Company, as well as various guarantees and subordinations. This credit facility agreement expires on December 31, 2024. The bank is also the loss payee on the jewelers' block policy held by the Company. The Company is required to maintain certain financial and restrictive covenants. As of March 31, 2023, the Company was in compliance with those covenants.

The Company had a credit facility with another bank allowing for maximum borrowing of $25,000,000 to be utilized for working capital purposes. This credit facility agreement expired on November 28, 2022, and was not renewed. On January 17, 2023, the Company paid off the remaining open balance and closed the account.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform, Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The amendments apply only to contract and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before March 31, 2023. The management of the Company continues to monitor its debt facility contracts and the optional expedients for borrowings that bear interest at LIBOR. To date the facility has not been modified for reference rate reform.

Note 7 Notes Payable

In 2014, Essar acquired the net assets of M.A. Reich & Co., Inc. for a purchase price of $2,103,033. In connection with this acquisition, Essar issued a $1,300,000 non-interest bearing note at a total discount of $164,307. At March 31, 2023, Essar had a note payable of $65,000, payable in semi-annual principal installments of $32,500 through March 31, 2024. The note is recorded at the present value of the future cash flows, utilizing an imputed interest rate of 3.75%.

For the year ended March 31, 2023, the amortization of discounts on these notes amounted to $4,120.

On August 2, 2018, Renaissance acquired 100% of the shares in Jay Gems for the total purchase price of $12,405,547 at a total discount of $1,645,520. At March 31, 2023, Renaissance had a non-interest bearing note payable of $57,702. In connection with this acquisition, Renaissance issued non-interest-bearing notes to the former stockholders of Jay Gems which were recorded at the present value of the future cash flows, utilizing an imputed interest rate of 3.57%.

Note 7 Notes Payable (continued)

For the year ended March 31, 2023, the amortization of discounts on these notes amounted to $103,043.

At March 31, 2023, the future principal payments of notes payable are as follows:

Year Ending March 31,	Essar	Renaissance	Total
2024	$ 65,000	$ 57,702	$ 122,702
Less: unamortized discount	1,797	2,034	3,831
Notes payable – all current	$ 63,203	$ 55,668	$ 118,871

Note 8 Stock Option Plan

Renaissance Global Limited ("RGL"), a minority owner of the Company, formulated an Employee Stock Option Scheme known as RGL Employee Stock Option Plan 2021 ("RGL ESOP 2021"), in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits Sweat Equity) Regulations, 2021.

The RGL ESOP 2021 was approved by the Board of Directors of RGL and its shareholders to formulate, administer and implement the stock option plan as of December 14, 2021.

Effective July 19, 2022, RGL declared a 5 to 1 stock split which impacted the RGL ESOP 2021 by increasing the number of options by a factor of 5 to 690,000 granted options and decreasing the weighted average exercise price on the grant date by a factor of 5. Post stock split, each option when exercised will be converted into 1 (one) equity share of Rupees Rs. 2/- each, fully paid up, of RGL.

Options are exercisable only to the extent that they are vested. The exercise period cannot be more than 5 (five) years from the date of respective vesting of option. In addition, options shall vest only so long as the participant remains employed by or continues to provide services to RGL.

In accordance with RGL ESOP 2021, 138,000 options were granted to employees of the Company on April 11, 2022. Per ASC 718, *Compensation–Stock Compensation*, the options granted to the Company's employees are recorded as stock-based compensation charge with an offsetting credit to additional paid-in capital on the Company's books.

Note 8 Stock Option Plan (continued)

For the purposes of determining the non-cash compensation cost for the RGL stock option plan using the fair value method of ASC 718, the fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model. The weighted average assumptions used are included in the table below:

	Options	Weighted Average Exercise Price	Expiration	Risk Free Interest Rate	Volatility	Dividend %	Fair Value Options on Grant Date	Aggregate Fair Value
Granted on April 11, 2022 (post-split)	690,000	$ 1.37	7	4.85 %	37.86 %	- %	$ 0.88	$ 607,258
Grants vested during the year	-							-
Balance outstanding as of March 31, 2023 – unvested	690,000							$ 607,258
Vested at March 31, 2023	-							
Exercisable at March 31, 2023	-							

The fair value of options on grant date of April 11, 2022 is based on the weighted average for vesting periods of one through four years. Effective as of March 31, 2023, the aggregate fair value of the stock options granted on April 11, 2022 was $607,258. Amortization of this compensation charge, which is included as a component of general and administrative expenses on the consolidated statement of income for the year ended March 31, 2023 was $285,824. The future compensation to be recognized for the aforementioned options will be $321,434.

Note 9 401(k) Plan

The Company has established a 401(k) savings plan ("the Plan") which covers substantially all employees that meet certain requirements. At the discretion of the Company, the Plan provides for an employer contribution election which is discretionary and is based on eligible amounts contributed to the Plan by its participants. There were no discretionary contributions for the year ended March 31, 2023.

Note 10 Operating Leases

The Company is obligated under two non-cancellable operating leases for office space and facilities. One lease is in effect until September 30, 2023. The second is in effect until July 31, 2037. The Company has adopted ASC 842 as of April 1, 2022.

For the year ended March 31, 2023, lease expense amounted to $2,246,689, which is included as a component of general and administrative expenses on the consolidated statement of income and is comprised of $1,642,978 for amortization of the operating right-of-use asset, and $603,711 of interest on the lease liability.

Note 10 Operating Leases (continued)

Future minimum rental payments are as follows:

Years Ending March 31,	
2024	$ 1,452,322
2025	1,284,324
2026	1,315,378
2027	1,348,262
2028	1,381,969
Thereafter	14,680,525
	$ 21,462,780

The Company has a sublease agreement for one of its office spaces which expires on September 30, 2023. At March 31, 2023, the weighted average remaining lease term was 14 years.

At March 31, 2023, the future minimum rental income was $141,102 through March 31, 2024.

Note 11 Concentrations of Credit Risk

The Company has various accounts at one bank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) which, at times, may exceed federally insured limits. The Company has not experienced any such losses on such accounts and does not believe there is any significant credit risk to its cash and cash equivalents.

Credit sales are made to customers in the normal course of business. Collection of these accounts receivable is dependent on the ability of these customers to generate cash flow to meet their obligations. The Company mitigates the associated credit risk by performing credit checks, monitoring and actively pursuing past due accounts.

Note 12 Related Party Transactions

As of March 31, 2023, the Company had outstanding accounts receivable of $6,755,482 from various affiliates which are disclosed under accounts receivable, related parties.

As of March 31, 2023, Jay Gems had an outstanding loan receivable of $47,364 from an officer of Jay Gems. This loan is due on a demand basis and does not bear interest.

As of March 31, 2023, Renaissance had outstanding notes payable of $55,668 to former shareholders of Jay Gems.

Note 12 Related Party Transactions (continued)

On November 18, 2022, Renaissance entered into an inter-corporate loan agreement with Verigold Jewellery DMCC, the Company's majority stockholder, for $2,000,000. The loan bears 6% interest and matures 12 months from the date of the receipt of the loan, or November 18, 2023. On January 4, 2023, an amendment to the loan agreement raised the interest rate to 7% effective January 1, 2023. On February 14, 2023, Renaissance entered into a second inter-corporate loan agreement with Verigold Jewellery DMCC, the Company's majority stockholder, for $1,750,000. The loan bears 7% interest and matures 12 months from the date of the receipt of the loan, or February 14, 2024.

For the year ended March 31, 2023, the interest expense on these inter-corporate loans amounted to $61,116.

As of March 31, 2023, the Company had accounts payable of $11,631,352 to various affiliates which are disclosed under accounts payable, related parties.

For the year ended March 31, 2023, the Company had sales to various affiliates of $12,201,657, which make up approximately 8% of the total Company sales.

For the year ended March 31, 2023, the Company had net purchases from various affiliates of $108,725,906, which make up approximately 95% of the total Company purchases.

For the year ended March 31, 2023, the Company had rental income of $21,031 from an affiliate under a sublease agreement.

For the year ended March 31, 2023, the Company had reimbursement of expenses of $4,249,732 from various affiliates of the Company.

Note 13 Income Taxes

The components of provision for income taxes for the year ended March 31, 2023 are as follows:

Current	
Federal	$ 366,784
State and Local	57,245
	424,029
Deferred	
Federal	53,002
State and Local	4,000
	57,002
Provision for income taxes	$ 481,031

Note 13 Income Taxes (continued)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The tax effects of temporary differences that give rise to significant portions of the net deferred tax asset are presented below:

Deferred tax assets		
Allowance for bad debts	$	51,450
Allowance for returns		22,720
Operating lease right-of-use amortization		140,988
Amortization		983,595
Interest		205,861
Sec 263A costs for inventory		194,625
Total deferred tax assets		1,599,239
Deferred tax liabilities		
Depreciation		(430,239)
Total deferred tax liabilities		(430,239)
Net deferred tax assets	$	1,169,000

The expected income tax rate for the year ended March 31, 2023 was 22.3%. The Company does not currently anticipate any significant increase or decrease of the total amount of unrecognized tax benefits within the next twelve months. None of the Company's Federal or state income tax returns are currently under examination by the Internal Revenue Service or state authorities.

Note 14 Major Customers and Vendors

For the year ended March 31, 2023, sales to one customer represented approximately 29%. The same customer represented 17% of accounts receivable at March 31, 2023.

For the year ended March 31, 2023, the Company made purchases from two vendors, which are also related parties, which represented approximately 93% of net purchases. These vendors also represented 72% of accounts payable at March 31, 2023.

Note 15 Subsequent Events

Subsequent events have been evaluated through May 22, 2023, which is the date the consolidated financial statements were available to be issued.