

**Virtual Health Holdings, Inc.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>DECEMBER 31, 2022</b>	<b>DECEMBER 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 44,301	\$ 87,981
Accounts Receivable, net of allowance for doubtful accounts of \$5,800 and \$0, respectively	164,701	340,868
Prepaid expenses	12,806	58,162
Other current assets	-	248
Total Current Assets	<u>221,808</u>	<u>487,259</u>
Fixed Assets, net of accumulated depreciation of \$56,953 and \$48,977, respectively	<u>3,477</u>	<u>11,453</u>
Other Assets		
Goodwill	828,216	828,216
Intangible assets, net of accumulated amortization of \$471,093 and \$345,468, respectively	544,691	670,316
Investment in subsidiaries	23,100,000	-
Total Other Assets	<u>24,472,907</u>	<u>1,498,532</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,698,192</u></u>	<u><u>\$ 1,997,244</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)</b>		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 861,531	\$ 705,443
Other Current Liabilities		
Deferred revenue	1,500	9,642
Due related party	1,636,819	1,487,629
Note Payable	104,233	-
Total other current liabilities	<u>1,742,553</u>	<u>1,497,271</u>
Total Current Liabilities	<u>2,604,083</u>	<u>2,202,714</u>
Long Term Liabilities		
Convertible debt	<u>1,679,325</u>	<u>1,284,325</u>
Total Long Term Liabilities	<u>1,679,325</u>	<u>1,284,325</u>
<b>TOTAL LIABILITIES</b>	<u>4,283,408</u>	<u>3,487,039</u>
<b>SHAREHOLDER'S EQUITY/(DEFICIT)</b>		
Capital Stock		
Common stock , par value \$0.001		
10,000 authorized, 1,000 shares issued	1	1
Additional paid-in capital	24,999,999	1,899,999
Total capital stock	<u>25,000,000</u>	<u>1,900,000</u>
Retained earnings	<u>(4,585,216)</u>	<u>(3,389,795)</u>
Total Shareholder's Equity/(Deficit)	<u>20,414,784</u>	<u>(1,489,795)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY/(DEFICIT)</b>	<u><u>\$ 24,698,192</u></u>	<u><u>\$ 1,997,244</u></u>

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

**Virtual Health Holdings, Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>DECEMBER 31, 2022</b>	<b>DECEMBER 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>INCOME</b>		
Software as a Service	\$ 211,812	\$ 25,612
Fee for Services	1,694,839	3,727,793
Other revenue	-	3,504
Total Income	<u>1,906,651</u>	<u>3,756,909</u>
<b>COST OF SALES</b>		
Contract Services	<u>302,379</u>	<u>886,256</u>
Total Cost of Sales	<u>302,379</u>	<u>886,256</u>
<b>GROSS PROFIT</b>	<u>1,604,272</u>	<u>2,870,653</u>
<b>OPERATING EXPENSES</b>		
Sales and Marketing	391,406	410,117
Technology Development	267,152	226,740
General and Administrative	1,846,880	2,660,471
Stock compensation	-	60,826
Total Operating Expenses	<u>2,505,438</u>	<u>3,358,154</u>
<b>NET OPERATING LOSS</b>	<u>(901,165)</u>	<u>(487,501)</u>
<b>OTHER INCOME AND EXPENSE</b>		
Other Income		
Interest Income	271	457
Other Revenue	-	92,931
Total Other Income	<u>271</u>	<u>93,388</u>
Other Expense		
Interest	<u>294,527</u>	<u>3,147</u>
Total Other Expense	<u>294,527</u>	<u>3,147</u>
Net Other Income	<u>(294,256)</u>	<u>90,241</u>
<b>NET LOSS</b>	<u>\$ (1,195,421)</u>	<u>\$ (397,260)</u>

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

Virtual Health Holdings, Inc.  
Consolidated Statements of Stockholder's Equity/(Deficiency)  
For the years ended December 31, 2022 and 2021  
(Unaudited)

	Common Stock		Additional		Accumulated	Total Stockholder's
	Shares	Amount	Paid in capital		Deficit	Equity/(Deficiency)
Balance - January 1, 2021	1,000	\$ 1	\$ 1,899,999	\$	(2,992,535)	\$ (1,092,535)
Net loss					(397,260)	(397,260)
Balance - December 31, 2021	1,000	\$ 1	\$ 1,899,999	\$	(3,389,795)	\$ (1,489,795)
Acquisition of CareClix subsidiaries			23,100,000			23,100,000
Net loss					(1,195,421)	(1,195,421)
Balance - December 31, 2022	1,000	\$ 1	\$ 24,999,999	\$	(4,585,216)	\$ 20,414,784

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

Virtual Health Holdings, Inc.  
Consolidated Statements of Cash Flows

	For the years ended December 31,,	
	2022	2021
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (1,195,421)	\$ (397,260)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization	125,625	125,625
Depreciation	7,977	19,076
Provision for bad debts	5,800	113,088
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	170,367	824,048
Prepaid expenses and other current assets	45,604	(171,589)
Increase (decrease) in:		
Accounts payable and accrued expenses	260,321	(1,176,553)
Deferred revenue	(8,142)	(126,695)
Cash used by operating activities	(587,870)	(790,260)
<b>Cash Flows From Investing Activities</b>		
Purchase of furniture and fixtures	-	-
Cash used by investing activities	-	-
<b>Cash Flows From Financing Activities</b>		
Proceeds of demand notes payable - related party	149,190	664,003
Repayment of demand notes payable - related party	-	-
Proceeds from convertible notes payable	395,000	50,000
Repayment of Insurance finance loan payable	-	-
Cash (used)/provided by financing activities	544,190	714,003
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	\$ (43,680)	\$ (76,257)
<b>Cash and Cash Equivalents - beginning</b>	87,981	164,238
<b>Cash and Cash Equivalents - end</b>	<u>\$ 44,301</u>	<u>\$ 87,981</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for:		
Interest	<u>\$ 13,389</u>	<u>\$ 3,147</u>

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

**VIRTUAL HEALTH HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

**Note 1. Nature of Business and Significant Accounting Policies**

**NATURE OF BUSINESS:**

Virtual Health Holdings, Inc (VHHI). is a Florida corporation formed on September 29, 2022. It is the parent company of four virtual health companies, CareClix, Inc., CareClix Services, Inc., CareClix RPM, Inc. and MyCareClix, Inc., collectively the “CareClix Companies”. VHHI acquired the CareClix Companies on its formation in a transaction treated as a reverse merger for accounting purposes, with the date of inception accordingly being April 10, 2019 (the incorporation date of CareClix, Inc.) and the combined financial statements of the CareClix Companies being treated as the financial statements of the consolidated companies.

CareClix, Inc. is a Virginia corporation formed on April 10, 2019, to receive proprietary and patent pending telemedicine operating software (“CareClix Anywhere™”) acquired in April 2019. The proprietary CareClix Anywhere™ operating software, and pending patent for that software, the domain name and trademark for the software and certain related incidental tangible assets were acquired from KB Medical Systems, LLC, an unrelated company and the developer of CareClix Anywhere™ which was closed April 12, 2019. CareClix, Inc. commenced a new operating business with the assets following the acquisition. One thousand shares of the common stock of CareClix, Inc., par value \$0.001 was issued to the former parent company of CareClix, Inc. for the CareClix Anywhere™ assets, which were valued by an independent valuation service at \$1,900,000.

CareClix, Inc. was engaged in two separate lines of business from inception: licensing of the software to third parties which have their own medical networks (software as a service or SaaS) and affording access to a nationwide medical network to a client’s employees, members and other end users on a per medical consult basis (“Fee for Service”). In most cases, SaaS revenues are billed to the client monthly in advance based on the number of end users eligible to access the services each month, and Fee for Services are billed in arrears based on the total medical consults used in a month. The medical network accessed for the Fee for Service operations is operated by CareClix Network, PA, a Florida professional association affiliated with the CareClix Companies. Where appropriate, CareClix Companies also charges an implementation fee to integrate the CareClix Anywhere™ operating software with the clients’ systems and operations.

In August 2021, CareClix Services Inc. began operations with its two principal lines of business SaaS and Fee for Services. During 2022, for better management and marketing reasons, the Fee for Service operations were transferred to, CareClix Services, Inc. and the SaaS operations remained with CareClix, Inc.

On December 17, 2021, Life on Earth, Inc. (LFER) entered into a Stock Purchase Agreement (“SPA”) with the former holding company of the CareClix Companies (should we mention the Name?) to acquire the CareClix Companies. On December 31, 2021, under the terms of a Management Operating Agreement, a conditional partial closing of the transaction set forth in the SPA (the “Interim Closing”) was agreed on with the final closing conditioned on the effectiveness of a registration statement to be filed by LFER with the SEC for the common shares to be issued as the consideration for the acquisition. The Management Operating Agreement provided that if the registration statement was not filed by LFER and effective by May 31, 2022, the Interim Closing would be rescinded, and the proposed transaction would be void.

On May 2, 2022, an Amended Management Agreement was approved which allowed the Final Closing of the acquisition, with the remaining unpaid stock consideration reflected as a liability and the May 31, 2022 transaction drop-dead date thereby extended. On September 15, 2022, the Amended Management Operating Agreement was rescinded, and the CareClix Companies’ acquisition was terminated due to LFER’s default. Ownership of the CareClix Companies reverted to the former holding company and then conveyed to a liquidating trust in September 2022 and then conveyed by that trust to VHHI on its formation on September 29, 2022.

CareClix RPM, Inc. and MyCareClix, Inc. commenced actual operations in 2023 and had no financial activity in prior periods.

VHHI and the CareClix Companies. are collectively referred to as the “Company”.

## **SUMMARY OF THE COMPANY’S SIGNIFICANT ACCOUNTING POLICIES:**

### **BASIS OF PRESENTATION**

The accounts are maintained, and the combined financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements include the accounts of the CareClix Companies and VHHI as they are under common control and management. All transactions between VHHI and the CareClix Companies. have been eliminated in the consolidation.

The financial statements of CareClix, Inc. for the year ended December 31, 2019, were audited as part of a consolidated audit of the former parent company of CareClix, Inc. and were included in the Annual Report on Form 10-K filed for that former parent company, including the reporting and valuation of the business combination (See, Business Combination).

The financial statements of the then active CareClix Companies also were audited for the years ended December 31, 2020 and 2021.

The financial Statements for the year ended December 31, 2022 and 2021 included in this Report, are currently under audit by a PCAOB registered accounting firm, retained for that purpose.

### **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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 materially from those estimates.

### **CASH AND CASH EQUIVALENTS**

We consider highly liquid investments with maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022, or 2021. Cash consists of cash on deposit in banks and funds received but not yet deposited.

### **ACCOUNTS RECEIVABLE**

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 and 2021, the Company recorded bad debt expense of \$5,800 and \$113,088, respectively. On December 31, 2022 and 2021, the Company’s allowance for bad debts amounted to \$5,800 and \$0, respectively.

### **BUSINESS COMBINATION**

The Company completed the acquisition of certain assets of KB Medical Systems, LLC, an unaffiliated company for a total consideration of \$1,900,000. Based on the terms of the acquisition, the Company evaluated the proper accounting treatment for this acquisition to determine if the acquisition should be treated for accounting purposes as an acquisition of assets, or as a business combination. under ASC 805. The Company concluded that the transaction should be reported as a business combination.

ASC 805 mandates the evaluation of the inputs and outputs of each separate asset acquired with an allocation of the total purchase price to all assets acquired, including good will or going concern value. The Company retained the services of an independent valuation firm to review the valuations and allocations of the assets purchased. As a result of that independent review, the Company allocated the total acquisition price as follows:

Tangible assets	\$ 56,000
Technology	\$ 936,591
Trade names and trademarks	\$ 66,899
Customer relationships	\$ 12,294
Assembled workforce	\$ 100,100
Goodwill	\$ <u>728,116</u>
Total Assets acquired	\$ <u>1,900,000</u>

In September 2022, ownership of the CareClix Companies was first conveyed to a liquidating trust for the former parent holding company and then conveyed by that trust to VHHI on its formation on September 29, 2022. For accounting purposes, this transaction was considered as the equivalent of a reverse merger of VHHI and the CareClix Companies with the latter as the deemed acquirer. In March 2023, the liquidating trust conveyed the Companies to XSOVT Brands, Inc (XSVT), an alternative reporting OTC Pink shell company for stock of XSVT (See, Subsequent Events).

## PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over appropriate estimated useful lives. Certain tangible and intangible assets were acquired by the Company in April 2019 and reported as reflected in the independent valuation report, as noted above in Business Combination, and are all being amortized or depreciated over their remaining useful lives.

As of December 31, 2022 and 2021, the Company's property and equipment consisted of the following:

		December 31,	
Property and equipment:	Life	2022	2021
Computer equipment	3	\$ 18,630	\$ 18,630
Furniture and fixtures	5	8,000	8,000
Medical equipment	3	33,800	33,800
Total cost		60,430	60,430
Accumulated Depreciation		(56,953)	(48,977)
Net		\$ 3,477	\$ 11,453

Depreciation expense amounted to \$7,977 and \$19,039 during the years ended December 31, 2022 and 2021, respectively.

## INTANGIBLE ASSETS

Intangible assets as of December 31, 2022 and 2021 consisted of the following:

		December 31,	
Intangible assets:	Life	2022	2021
Technology	8	\$ 936,592	\$ 936,592
Trademark and trade name	9	66,899	66,899
Customer Relationships	11	12,293	12,293
Total cost		1,015,784	1,015,784
Accumulated amortization		(471,691)	(345,468)
Net		\$ 544,691	\$ 670,316

Amortization expenses amounted to \$125,625 and \$125,625 during the years ended December 31, 2022 and 2021, respectively.

## **IMPAIRMENT OF LONG-LIVED ASSETS**

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the assets compared to its carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. There were no impairment charges or long-lived assets disposed of during the year and period ended December 31, 2022 and 2021.

## **REVENUE RECOGNITION**

We recognize revenue from product sales or services rendered under ASC 606, which directs that revenue should be recognized when the promised goods or services are transferred to the customer. The amount of revenue recognized should equal the total consideration expected to be received in return for the goods or services. ASC 606 creates a five-step approach that should be applied when determining the amount and timing of revenue recognition.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company currently maintains two separate lines of revenue; revenues from use of the CareClix Anywhere™ software by third parties (Software as a Service or SaaS); and revenues from patient consultations through the CareClix telemedicine system (Fee for Service). The revenues from these two lines of business are recognized as follows:

**SaaS:** The CareClix software system is used by certain third-party customers to service their telemedicine clients under written service agreements with CareClix, Inc. Those clients generally pay a co-pay at the time of service, in most cases by credit card, and those co-pay fees are transmitted to CareClix, Inc. through a card processing service, as part of the third-party service agreement. That revenue is recognized as received. On a monthly basis, the balance of the client fees is billed, and the invoice is charged to service revenue immediately. The identity of the client, the related performance obligations, the various transaction prices for different levels and frequency of use are all determined by the individual service agreements with each client, and the CareClix software maintains all of the details of the price, performance, frequency and billing under each contract. The co-pay fees are received at the time the service is provided to the telemedicine client by the CareClix customer and is recognized on receipt. Any balance due for those services is billed monthly in arrears by CareClix and recognized as revenue for the month in which the services are performed. SaaS revenues for the fiscal years ended December 31, 2022 and 2021 totaled approximately \$211,812 and \$25,612, respectively.

**Telemedicine Revenues (Fee for Service):** Other customers of CareClix use the CareClix telemedicine platform directly to service their clients or members and the CareClix software maintains the record of the number of consultations and other work performed for the customer's clients, using the CareClix contracted medical doctors, and CareClix bills the customer monthly for all services provided during the month, in accordance with the written agreement between CareClix and the customer. That revenue is recognized as income at the time it is invoiced since it is for services already rendered during the month of billing. Telemedicine revenues (Fee for Service) for the fiscal years ended December 31, 2022 and 2021 totaled approximately \$1,694,839 and \$3,727,793, respectively.

In addition to the SaaS and Fee for Service revenues, the Company charges an Implementation Fee to cover the costs incurred in setting up access to the software for each client and its customers, which varies based on the requirements for each customer. The Implementation Fee is recognized as income incrementally as the related implementation services are being completed, but all Implementation Fees are recognized when the services contracted for are ready for initiation.

## **COST OF REVENUE**

Cost of revenue consisted primarily of contracted medical services for telehealth sales of \$302,379 and \$886,256 for the years ended December 31, 2022, and 2021, respectively.

## **ADVERTISING**

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses for the years ended December 31, 2022, and 2021 were \$1,152 and \$10,881, respectively.

## **INCOME TAXES**

The Company accounts for income taxes under ASC 740 “*Income Taxes*”. Under the asset and liability method of FASB ASC 740, deferred tax asset and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. For the years ended 2022 and 2021, we did not establish a deferred tax asset.

## **RESEARCH AND DEVELOPMENT COSTS**

CareClix, Inc. engages in regular and continuing development and refining of its proprietary CareClix Anywhere™ operating software. All of the related development costs are expensed as incurred. For the years ended December 31, 2022 and 2021, CareClix incurred approximately \$267,152 and \$226,740, respectively in development costs.

## **GOING CONCERN ANALYSIS**

In evaluating the Company’s ability to continue as a going concern, management considered the conditions and events that could raise substantial doubt regarding the Company’s ability to continue as a going concern within 12 months after the Company’s financial statements are issued. Management considered the Company’s current financial condition and liquidity sources, including current funds available, forecasted future cash flows and the Company’s conditional and unconditional obligations due.

The Company is subject to a number of risks similar to those of other telehealth companies, healthcare consulting companies and subscription based businesses, including its dependence on outside sources of capital, the Company’s ability to maintain and grow its subscriber base, uncertainty of generation of revenues and positive cash flow, dependence on key individuals, risks associated with research, development, testing, and successful protection of intellectual property, and the Company’s susceptibility to infringement on the proprietary rights of others. The attainment of profitable operations is dependent on future events, including obtaining adequate financing to fulfill the Company’s growth and operating activities and generating a level of revenues adequate to support the Company’s cost structure.

The Company has experienced net losses and significant cash outflows from cash used in operating activities over the past years. As of December 31, 2022, the Company had an accumulated deficit of \$4,596,216 and, for the year ended December 31, 2022, incurred a net loss of \$1,206,421, and cash used in operating activities amounted to \$598,870. As of and for the year ended December 31, 2021, the Company had an accumulated deficit of \$3,389,795, a net loss of \$397,260, and cash used in operating activities amounted to \$790,260.

In the past the Company has financed operations through loans from an Officer of the Company and private offerings of convertible debt. The Company also plans to support its operations by continuing to raise additional capital until the planned operating results are achieved. The Company business plan calls for significant expansions of the current business during the year ended December 31, 2023, and consideration of potential mergers or acquisitions, but additional funding will be required to support these expansion efforts.

The Company is unable to predict the extent of any future losses or when the Company will become profitable. Any debt financing, if available, may include potential restrictive covenants that impact the Company's ability to conduct business. If the Company is unable to raise additional capital when required or on acceptable terms, the Company may have to (i) significantly scale back its current operations or (ii) relinquish or otherwise dispose of rights to technologies or products on unfavorable terms. While the Company believes in the viability of its strategy to commence operations and generate sufficient revenue and in its ability to raise additional funds, there can be no assurances to that effect. Management believes that cash flows from existing customers, new customers already contracted with and pending new contracts will be sufficient to cover anticipated operating costs through the next twelve months.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. A successful transition to attaining profitable operations is dependent upon achieving a level of positive cash flows adequate to support the Company's cost structure.

## **FAIR VALUE OF FINANCIAL INSTRUMENTS**

FASB ASC 820 "FAIR VALUE MEASUREMENTS AND DISCLOSURES," defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. FASB ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets,

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, and

Level 3. Unobservable inputs in which there is little or no market data which requires the reporting entity to develop its own assumptions.

The Company does not have any assets or liabilities measured at fair market value on a recurring basis as of December 31, 2022 and 2021.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

The Company evaluates new pronouncements as issued and evaluates the effect of adoption on the Company at the time. The Company has determined that recently adopted accounting pronouncements will not have a material impact on the financial statements for the fiscal years ended December 31, 2022 and 2021.

## **Note 2. Convertible Debt**

During the year ended December 31, 2022, the Company received proceeds of \$395,000 on convertible notes with 18 investors. The notes have a term of three years from issuance and pay interest of 8.5%.

During the year ended December 31, 2021, the Company received proceeds of \$50,000 on convertible notes with three investors. The notes have a term of three years from issuance and pay interest of 8.5%.

On December 31, 2021, Careclix Holdings, Inc., a related party, assigned \$1,234,325.01 of convertible notes held by nine investors to the Company. The notes have a term of three years from the date of assignment and pay interest of 12.0%.

Convertible Debt Note Holders have the right from time to time, and at any time during the period beginning on the date which is 180 days following the issue date and ending on the later of the Maturity Date and the date of payment of the Default Amount at the conversion price of \$1.00 per share.

### **Note 3. Stockholders' Equity**

#### **COMMON STOCK**

The authorized common stock of the Company consists of 10,000 common shares with par value of \$0.001. A total of 1,000 shares were issued in September 2022 on contribution of the CareClix Companies to VHHL. No additional shares have been issued during the years ended December 31, 2022 and 2021 or to date.

As of December 31, 2022 and 2021, the Company had 1,000 common shares issued and outstanding.

#### **NET LOSS PER COMMON SHARE**

Net loss per share is calculated in accordance with FASB ASC 260, "EARNINGS PER SHARE." The weighted-average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted average number of shares and dilutive potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

Basic net loss per common share is based on the weighted average number of shares of common stock outstanding of 1,000 shares as of December 31, 2022 and 2021.

### **Note 4. Related Party Transactions**

In order to fund the startup of the telemedicine operations and to support further development of the acquired software, the former parent of the Company advanced funds to the Company, totaling \$0 and \$292,132 during the years ended December 31, 2022 and 2021, respectively. The total amounts of the advanced funds due the former parent of the Company at December 31, 2022 and 2021 were \$2,429,983 and \$2,429,983, respectively. The funds were advanced as intercompany advances, without interest or maturity.

During the year ended December 31, 2021, the principal shareholder of the Company, Mr. Charles Scott, advanced the Company a total amount of \$101,000 for working capital. The funds were advanced without interest or maturity. In addition, The Company had leased its office space on a month-to-month basis from a company controlled by Mr. Charles Scott, for \$8,500 per month. The lease terminated on December 31, 2022. The Company recorded rent expense during the years ended December 31, 2022 and 2021 of \$102,000 and \$86,095.64, respectively.

### **Note 5. Subsequent Events**

On March 6, 2013, the Company was acquired by Xsovt Brands, Inc. (XSVT), an alternative reporting OTC Markets (Pink) shell company in exchange for 50,000,000 shares of unregistered common stock of XSVT. The acquisition will be treated as a reverse merger with the Company as the deemed acquiror and the date of inception and financial statements of the Company becoming the date of inception and financial statements of the new combined entity.

Although this acquisition occurred in March 2023 and XSVT had already filed its Annual Disclosure Report on OTCIQ for the year ended December 31, 2022, Unaudited Pro Forma Consolidated Financial Statements for the fiscal years ended December 31, 2022 and 2021, reflecting the acquisition of the Company by XSVT as if it had occurred as of December 31, 2022, reflect the following:

<b>Xsovt Brands, Inc.</b>	
<b>UNAUDITED PRO FORMA INFORMATION</b>	
<b>DECEMBER 31, 2022</b>	<b>DECEMBER 31, 2021</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

Assets	\$ 24,698,192	\$ 1,997,244
Liabilities	\$ 4,304,774	\$ 3,702,206
Revenue	\$ 1,906,651	\$ 3,756,909
Cost of Sales	\$ 302,379	\$ 886,256
Operating expenses	\$ 2,513,722	\$ (497,329)
Net Loss	\$ (1,203,705)	\$ (407,088)