ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	991 061 312
Organisasjonsform:	Norskreg. utenlandsk foretak
Foretaksnavn:	AU NATUREL (UK) INC NORWAY NUF
Forretningsadresse:	Kjelsåsveien 168 A 0884 OSLO

Regnskapsår

Årsregnskapets periode:	01.10.2023 - 30.09.2024

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Øyvind Andre Forsberg
Dato for fastsettelse av årsregnskapet:	18.03.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.04.2025

Resultatregnskap

Beløp i: USD	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		336 533 000	284 143 000
Sum inntekter		**336 533 000**	**284 143 000**
Kostnader			
Varekostnad		143 400 000	138 814 000
Avskrivning av driftsmidler og immaterielle eiendeler		10 620 000	11 592 000
Annen driftskostnad		149 007 000	131 878 000
Sum kostnader		**303 027 000**	**282 284 000**
Driftsresultat		**33 506 000**	**1 859 000**
Annen finanskostnad		50 662 000	45 015 000
Sum finanskostnader		**50 662 000**	**45 015 000**
Netto finans		**-50 662 000**	**-45 015 000**
Resultat før skattekostnad		**-17 156 000**	**-43 156 000**
Skattekostnad på resultat		4 315 000	-1 041 000
Årsresultat		**-21 471 000**	**-42 115 000**
Årsresultat etter minoritetsinteresser		**-21 471 000**	**-42 115 000**
Totalresultat		**-21 471 000**	**-42 115 000**
Overføringer og disponeringer			
Overført fra annen egenkapital		-21 471 000	-42 115 000
Sum overføringer og disponeringer		**-21 471 000**	**-42 115 000**

Balanse

Beløp i: USD	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter o.l.		78 422 000	88 623 000
Goodwill		153 069 000	152 638 000
Sum immaterielle eiendeler		**231 491 000**	**241 261 000**
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom		16 844 000	16 548 000
Sum varige driftsmidler		**16 844 000**	**16 548 000**
Finansielle anleggsmidler			
Andre langsiktige fordringer		62 567 000	66 662 000
Sum finansielle anleggsmidler		**62 567 000**	**66 662 000**
Sum anleggsmidler		**310 902 000**	**324 471 000**
Omløpsmidler			
Varer			
Sum varer		**75 256 000**	**77 632 000**
Fordringer			
Kundefordringer		27 022 000	28 743 000
Andre kortsiktige fordringer		3 556 000	7 002 000
Sum fordringer		**30 578 000**	**35 745 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		22 126 000	23 330 000
Sum bankinnskudd, kontanter og lignende		**22 126 000**	**23 330 000**
Sum omløpsmidler		**127 960 000**	**136 707 000**
SUM EIENDELER		**438 862 000**	**461 178 000**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: USD	Note	2024	2023
Egenkapital			
Innskutt egenkapital			
Aksjekapital		163 764 000	163 237 000
Sum innskutt egenkapital		**163 764 000**	**163 237 000**
Opptjent egenkapital			
Annen egenkapital		-196 069 000	-174 598 000
Sum opptjent egenkapital		**-196 069 000**	**-174 598 000**
Sum egenkapital		**-32 305 000**	**-11 361 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt		3 268 000	4 426 000
Sum avsetninger for forpliktelser		**3 268 000**	**4 426 000**
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		425 160 000	441 268 000
Sum annen langsiktig gjeld		**425 160 000**	**441 268 000**
Sum langsiktig gjeld		**428 428 000**	**445 694 000**
Kortsiktig gjeld			
Leverandørgjeld		42 739 000	26 845 000
Sum kortsiktig gjeld		**42 739 000**	**26 845 000**
Sum gjeld		**471 167 000**	**472 539 000**
SUM EGENKAPITAL OG GJELD		**438 862 000**	**461 178 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer:	2025 358781

Enheten

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Brønnøysundregistrene, 05.04.2025

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 991 061 312
AU NATUREL (UK) INC NORWAY NUF

RESULTATREGNSKAP

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Organisasjonsnr: 991 061 312
AU NATUREL (UK) INC NORWAY NUF

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Organisasjonsnr: 991 061 312
AU NATUREL (UK) INC NORWAY NUF

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
6.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Nutrition Parent, LLC

Consolidated Financial Statements
September 30, 2024 and 2023

Nutrition Parent, LLC
Index to Financial Statements
September 30, 2024 and 2023

Page(s)

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Report of Independent Auditors

To the Board of Directors of Nutrition Parent, LLC

Opinion

We have audited the accompanying consolidated financial statements of Nutrition Parent, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive loss, of member's (deficit) equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2023. Our opinion is not modified with respect to this matter.

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 the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

PricewaterhouseCoopers LLP, One Utah Center, 201 South Main Street, Suite 900, Salt Lake City, UT 84111
T: (801) 531 9666, www.pwc.com/us

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Auditors' 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 auditors' 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 US GAAS 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 US GAAS, 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 the Company's 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 the Company's 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.

PricewaterhouseCoopers LLP

Salt Lake City, Utah
November 14, 2024

Nutrition Parent, LLC
Consolidated Balance Sheets
September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Assets		
Current assets		
Cash	$ 22,126	$ 23,330
Accounts receivable, net	27,022	28,743
Inventories, net	75,256	77,632
Prepaid expenses and other current assets	3,556	7,002
Total current assets	127,960	136,707
Property, plant and equipment, net	16,844	16,548
Goodwill	153,069	152,638
Intangible assets, net	78,422	88,623
Operating lease right-of-use assets	62,057	65,968
Other noncurrent assets	510	694
Total assets	$ 438,862	$ 461,178
Liabilities and Member's Deficit		
Current liabilities		
Accounts payable	$ 13,446	$ 18,504
Accrued expenses	10,468	5,776
Current portion of long-term debt	15,632	-
Current portion of operating lease liabilities	3,193	2,565
Total current liabilities	42,739	26,845
Long-term debt, net	358,854	371,928
Operating lease liabilities	61,588	64,762
Other long-term liabilities	4,718	4,578
Deferred tax liabilities, net	3,268	4,426
Total liabilities	471,167	472,539
Commitments and contingencies (Notes 13)		
Member's deficit		
Member's equity	163,764	163,237
Accumulated deficit	(196,128)	(173,907)
Accumulated other comprehensive loss	59	(691)
Total member's deficit	(32,305)	(11,361)
Total liabilities and member's deficit	$ 438,862	$ 461,178

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

Nutrition Parent, LLC
Consolidated Statements of Comprehensive Loss
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Net sales	$ 336,533	$ 284,143
Cost of sales	143,400	138,814
Gross profit	193,133	145,329
Operating expenses		
Distribution expense	43,383	35,796
Selling, general and administrative expense	105,624	96,082
Amortization of intangible assets	10,209	11,572
Losses on disposals of property, plant and equipment	411	20
Total operating expenses	159,627	143,470
Income from operations	33,506	1,859
Interest expense	52,796	46,117
Other (income), net	(1,384)	(459)
Total interest and other expense, net	51,412	45,658
Loss before benefit for income taxes	(17,906)	(43,799)
Provision (Benefit) for income taxes	4,315	(1,041)
Net loss	(22,221)	(42,758)
Other comprehensive income		
Foreign currency translation adjustment, net of tax	750	643
Comprehensive loss	$ (21,471)	$ (42,115)

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

Nutrition Parent, LLC
Consolidated Statements of Member's (Deficit) Equity
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	Member's Equity	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity (Deficit)
Balances at October 1, 2022	$ 143,322	$ (133,250)	$ (1,334)	$ 8,738
Cumulative-effect adjustment of adoption of ASC 842	-	2,101	-	2,101
Other comprehensive income	-	-	643	643
Contributions of Member Equity	20,000	-	-	20,000
Stock-based compensation	(85)	-	-	(85)
Net loss	-	(42,758)	-	(42,758)
Balances at September 30, 2023	163,237	(173,907)	(691)	(11,361)
Other comprehensive income	-	-	750	750
Contributions of Member Equity	350	-	-	350
Stock-based compensation	177	-	-	177
Net loss	-	(22,221)	-	(22,221)
Balances at September 30, 2024	$ 163,764	$ (196,128)	$ 59	$ (32,305)

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

Nutrition Parent, LLC
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Cash flows used in operating activities		
Net loss	$ (22,221)	$ (42,758)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	17,636	19,689
Amortization of deferred financing fees	2,101	1,666
Amortization of right-of-use assets	3,911	4,000
Losses on disposals of property, plant and equipment	411	20
Stock-based compensation	177	(85)
Bad debt expense	160	471
Inventory obsolescence expense	5,656	5,767
Accrued debt paid-in-kind interest	25,638	10,534
Interest rate cap change in fair value	1,196	(482)
Deferred income taxes	(1,158)	(1,177)
Changes in assets and liabilities		
Accounts receivable, net	1,590	(981)
Inventories, net	(3,105)	(4,428)
Prepaid expenses and other current assets	2,250	467
Other non-current assets	3	270
Accounts payable	(5,064)	6,293
Accrued expenses	4,692	(6,019)
Operating lease liabilities	(2,546)	(2,641)
Other long-term liabilities	140	629
Net cash provided by (used in) operating activities	31,467	(8,765)
Cash flows used in investing activities		
Proceeds from sales of property, plant and equipment	15	40
Interest rate cap premium	-	(1,965)
Purchases of property, plant and equipment	(8,123)	(3,009)
Net cash used in investing activities	(8,108)	(4,934)
Cash flows (used in) provided by financing activities		
Payments on long-term debt	-	(5,000)
Payments on revolving credit facility	(25,000)	-
Contributions of member's equity	350	20,000
Net cash (used in) provided by financing activities	(24,650)	15,000
Effect of exchange rate changes on cash	87	(33)
Net (decrease) increase in cash	(1,204)	1,268
Cash		
Beginning of year	23,330	22,062
End of year	$ 22,126	$ 23,330
Supplimental disclosure of cash flow information		
Cash paid for interest	$ 23,957	$ 41,184
Cash paid for income taxes	3,106	555
Purchases of property, plant and equipment in accounts payable	377	352

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

Nutrition Parent, LLC
Notes to Consolidated Financial Statements
September 30, 2024 and 2023

(in thousands of dollars)

1. Description of Business

Nutrition Parent, LLC and its subsidiaries (the "Company") is an integrated manufacturer, marketer, distributor and retailer of high-quality branded nutritional supplements and other natural products sold primarily to and through (i) health and natural food stores, (ii) distributors, (iii) Amazon and other third-party e-commerce marketplaces and (iv) food, drug and mass ("FDM") retailers. Internationally, the Company markets and distributes branded nutritional supplements and other natural products to and through health and natural product distributors and retailers. The Company's core business strategy is to operate businesses in the natural products industry that manufacture, market and distribute branded nutritional supplements and other natural products.

The Company manufactures and sells nutritional supplements and other natural products under numerous brands, including *Solaray®, KAL®, Zhou Nutrition®, and Heritage Store®*.

The Company is a single member limited liability company, wholly owned by Better Being Co., LLC. The Better Being Co., LLC is a wholly owned subsidiary of Norway TopCo LP, which in turn is wholly owned by Norway Holdings, LP.

2. Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated.

Use of Estimates
The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of net sales and expenses during the reported periods. Significant estimates include values and lives assigned to acquired intangible assets, reserves for customer returns and allowances, uncollectible accounts receivable, valuation adjustments for slow-moving, obsolete and/or damaged inventory, valuation and recoverability of long-lived assets, valuation of stock-based compensation, fair market value of derivative financial instruments, expected lease terms and estimated recoverability of deferred income taxes. Actual results may differ from these estimates.

Cash
The majority of the Company's cash was held by one bank as of September 30, 2024 and 2023. As a result of this concentration, the Company's cash balances frequently exceed federally insured limits. The Company does not believe it is subject to any other unusual risks because of this concentration other than those normally associated with commercial banking relationships.
The Company considers interest bearing deposits with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable, Net
Accounts receivable, net consists primarily of trade receivables, presented net of allowance for credit losses and discounts. Provision is made for estimated allowance for credit losses based on a periodic analysis of individual customer balances, including an evaluation of days sales outstanding, payment history, recent payment trends, and perceived creditworthiness. Estimates for sales discounts are based on analysis of sales terms and historical trends.

Trade receivables represent the uncollected portion of amounts recorded as sales and billed to customers. The Company performs periodic credit evaluations of its customers' financial condition and believes that its customer acceptance, billing, and collection policies are adequate to minimize potential credit risk. Trade receivables are recorded at the invoiced amount and do not bear interest. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. The Company uses a current expected credit loss ("CECL") (Accounting Standards Codification "ASC" 326) model to assess and establish an allowance for credit losses. Due to the short-term nature of trade receivables, the Company's model primarily utilizes a review of outstanding receivables focusing on size and age, historical collection and write-off data and existing and future customer specific and macro-economic conditions. As of September 30, 2024 and 2023, the Company's allowance for credit losses was $990 and $827, respectively.

Inventories, Net
Inventories include freight-in, materials, labor and overhead costs and are stated at the lower of cost or net realizable value. The inventories cost is recorded at actual cost on a first-in first-out ("FIFO") basis. Valuation adjustments are made for slow-moving, obsolete and/or damaged inventory based on a periodic analysis of individual inventory items, including an evaluation of historical usage and/or movement, age, expiration date and general condition.

Property, Plant and Equipment, Net
Property, plant and equipment are stated at historical cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the estimated economic useful lives of the respective assets. Expenditures for renewals and betterments are capitalized, whereas maintenance and repairs are charged to operating expense in the periods incurred. Upon sale or disposal of an asset, the historical cost and related accumulated depreciation or amortization of such asset are removed from their respective accounts and any gain or loss is recorded in the Consolidated Statements of Comprehensive Loss.

The Company evaluates the recoverability of property, plant and equipment whenever events or circumstances indicate that the carrying amount of an asset group may not be recoverable. The Company measures recoverability of an asset group by comparison of its carrying amount to the future undiscounted cash flows the asset group is expected to generate. If an asset group is considered to be impaired, the difference between the carrying amount and the fair value of the impaired asset group is recognized as an impairment charge. There were no impairments of the Company's property, plant and equipment during the years ended September 30, 2024 and 2023.

Goodwill and Intangible Assets, Net
The Company assesses goodwill annually as of July 1 and at interim periods upon a potential indication of impairment. The Company performed qualitative assessments as of July 1, 2024 and 2023 and determined that it is not more likely than not that the fair value of the reporting unit is less than the respective carrying value. Specifically, the Company considered changes in macroeconomic conditions, industry and market conditions, internal forecasts of future revenue and expenses, any significant events affecting the Company and actual changes in the carrying values of its net assets. If it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if a qualitative assessment is not performed, then the Company would perform the quantitative goodwill impairment test as required, in which it would use a discounted cash flow approach to estimate the fair value of a reporting unit. If the fair value of the reporting unit is less than the carrying value, then an impairment amount is recorded for the difference. There were no impairments of the Company's goodwill during the years ended September 30, 2024 and 2023.

Intangible assets consist of trademarks and trade names, customer relationships, and noncompete agreements. Amortization is calculated on a straight-line basis over the useful life of the asset. The Company assesses its finite-lived intangible assets for impairment if indicators exist or changes in circumstances suggest that impairment indicators may exist. Factors that could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of the Company's use of the acquired assets or the strategy for the overall business or significant negative industry or economic trends. If this evaluation indicates that the value of the intangible asset may be impaired, the Company assesses the recoverability of the net book value of the asset over its remaining useful life. If this assessment indicates that the intangible asset is not recoverable, based on the estimated undiscounted future cash flows of the asset over the remaining amortization period, the Company reduces the net book value of the related intangible asset to fair value and may adjust the remaining amortization period. There were no impairments of the Company's finite-lived intangible assets during the years ended September 30, 2024 and 2023.

Deferred Financing Fees

The Company deferred certain debt issuance costs, including bank, legal and other fees, related to the establishment of its term loans and revolving credit facilities (Note 8). These costs are being amortized using the effective interest method for the term loans and using the straight-line method for the revolving credit facilities. On the consolidated balance sheets, unamortized deferred financing fees for the term loans are included net of the term loan debt, and unamortized deferred financing fees for the revolving credit facilities are included in other noncurrent assets.

Foreign Currency Translation

The functional currency of each of the Company's foreign subsidiaries and branches is the local currency. All assets and liabilities of foreign subsidiaries and branches are translated into U.S. dollars at fiscal year-end exchange rates. Income and expense items are translated at exchange rates prevailing during the year. The resulting translation adjustments, net of income taxes, are recorded in accumulated other comprehensive (loss) income, which is a component of member's equity. The Company recorded translation adjustments of $750 and $643, net of income taxes of ($245) and ($224) for the years ended September 30, 2024 and 2023, respectively.

Revenue Recognition

Revenue is accounted for under Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASC 606"). ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under this standard and its related amendments, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services.

The core principle of ASC 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is measured based on consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods to a customer. ASC 606 also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers and significant judgments.
The Company enters into contracts with its customers for the sale of goods in the ordinary course of business. The Company recognizes revenue when performance obligations under the terms of a contract with its customer are satisfied, which occurs with the transfer of control of the product(s) to the customer.

The Company evaluates whether an enforceable contract exits with a customer. An enforceable contract states the contractual terms, including the parties' rights and the payment terms related to the goods to be transferred; and there is the ability and intention to pay the Company for the contracted product. The Company does not recognize revenue in situations where collectability from the customer is not probable, and it defers the recognition of revenue until collection is probable or payment is received and performance obligations are satisfied. The Company also evaluates if a contract has multiple promises and if each promise should be accounted for as separate performance obligations or as a single performance obligation. Multiple promises in a contract are typically separated if they are distinct, both individually and in the context of the contract. The Company's contracts generally contain multiple promises that are distinct individually and in the context of the contract.

Description of Revenue
The Company generates revenue through the sale of products, directly or through distributors, to health and natural food stores, mass retailers, third-party e-commerce marketplaces, professionals, and supermarkets. The following is a description of the various channels through which the Company sells its products:

Natural and Specialty Retail
This channel consists of domestic retailers including independent health and natural food stores and health and natural food stores affiliated with local, regional, and national chains.

Online
This channel consists of third-party e-commerce retailers that primarily focus on selling natural products and supplements on their own websites, sales through third-party marketplaces such as Amazon and other resellers authorized by the Company, and sales to individual online consumers through a variety of forms including the Company's operated ecommerce sites and third-party platforms such as the Amazon storefront, Shopify, and eBay.

International Retail
This channel consists of international retailers such as health food stores, supermarkets, drugstores, and warehouse clubs.

Food, Drug and Mass ("FDM")
This channel consists of domestic and international retailers including grocery, drug and mass merchant stores.

Other
This channel primarily consists of sales to health practitioners that provide professional-grade supplements and natural products to patients.

Satisfaction of Performance Obligations
A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Sales contracts (purchase orders) typically contain several performance obligations, as customers generally contract for multiple products within a single contract, and each product is capable of being distinct. Performance obligations are satisfied at the point in time in which the customer takes control of the product, upon shipment or delivery, depending on the terms of the underlying contract. For the majority of the Company's products, control is transferred and revenue is recognized when the product is shipped from the Company's distribution facility. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on the relative stand-alone selling price of the respective promised good or service.

Determining the Transaction Price
Revenue is recognized based on the transaction price, which is measured as the amount of consideration the Company expects to receive in exchange for transferring control of a product to a customer. When determining the transaction price, the Company estimates variable consideration to the extent that it is probable that a significant amount of cumulative revenue will not be reduced in the future. The primary sources of variable consideration for the Company are volume-based rebate programs, discounts, and product returns. Generally, these discounts and incentives are recorded as a reduction to revenue at the time of the initial sale. The Company estimates variable consideration using the expected-value method, which is based on sales terms with customers, historical experience, volume purchases, and known changes in relevant trends. There are no material instances where variable consideration is constrained and not recorded at the initial time of sale.

Returns, Refunds, and Warranties
In the normal course of business, the Company provides assurance-type warranties for products with agreed-upon specifications and that they are free from material defects. For a limited duration following initial sale, the Company offers its customers the right to return defective products for a full refund, or for a replacement of defective products. The Company records a refund liability based on anticipated sales returns. Sales returns are estimated based on sales terms, historical experience, and trend analysis. The refund liability is remeasured for changes in the estimate at each reporting date with a corresponding adjustment to net sales within the Consolidated Statements of Comprehensive Loss. For the years ended September 30, 2024 and 2023, the refund liability was $270 and $246, respectively.

Principal vs. Agent Considerations
U.S. GAAP requires the Company to evaluate a promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. Based on evaluation of the control model, the Company determined that it primarily acts as the principal within its revenue arrangements with resellers.

Shipping and Handling
Freight and shipping costs billed to customers concurrent with revenue producing activities is included within net sales, and the cost for inbound freight is recognized as an expense within cost of sales when control has transferred to the customer. The Company has elected to treat shipping and handling associated with outbound freight that occurs after control of the related good transfers to the customer as a fulfillment cost instead of as a separate performance obligation.
The Company recognizes the cost for shipping and handling (i.e., outbound freight costs) when incurred as an expense in distribution expense.

Contract Costs
Applying the practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in selling, general, and administrative expenses.

Research and Development
The Company expenses research and development costs as incurred, and such costs are included in selling, general and administrative expenses. For the years ended September 30, 2024 and 2023, the Company incurred $4,479 and $3,234, respectively, in research and development expense, primarily related to product development.

Advertising
The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses. For the years ended September 30, 2024 and 2023, the Company incurred $15,857 and $14,057, respectively, in advertising expenses.

Income Taxes
The Company has various subsidiaries organized and taxed as c-corporations. The Company accounts for income taxes using the asset and liability method, which requires the Company to record deferred tax assets and liabilities for the differences between the financial statement and tax bases of assets and liabilities using the expected applicable future tax rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be ultimately realized.

The Company accounts for uncertainty in income taxes using a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination by the tax authority. If a tax position meets the more-likely-than-not recognition threshold, it is then measured to determine the amount of benefit or loss to recognize in the financial statements. The Company's policy for recording interest and penalties related to income taxes, including uncertain tax positions, is to record such items as a component of the provision for income taxes (Note 10).

Accounting for Management Incentive Units
The Company records compensation expense associated with management incentive units in accordance with Accounting Standards Codification ("ASC") Topic 718 (*"Share Based Payment"*). The Company accounts for forfeitures of units as they occur. The compensation expense related to all of the Company's incentive units compensation arrangements are recorded over the requisite service period as a component of selling, general and administrative expenses (Note 11).

Leases
The Company is party to a number of leases for manufacturing facilities, administrative buildings, sales offices, and distribution centers. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset, and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination. The Company's leases have remaining lease terms ranging from less than one year to 18 years.

Under ASC 842, the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities. Long-term leases are included in operating lease right-of-use assets on the Company's consolidated balance sheets. Lease liabilities are included within current portion of operating lease liabilities and operating lease liabilities on the Company's consolidated balance sheets.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

As a practical expedient, lease agreements with lease and nonlease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial term and expected renewal term of 12 months or less are not recorded on the consolidated balance sheets; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term. The aggregate amount of lease cost for leases with a term of 12 months or less is not material. The depreciable life of the ROU assets and leasehold improvements are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate based on US treasury rates with maturities that correspond to the lease term at the commencement of the lease as the discount rate for all leases.

Rent expense under operating lease expenses totaled $6,528 and $4,000 for the years ended September 30, 2024 and 2023, respectively.

Derivative Instruments and Hedging Activities
ASC 815, Derivatives and Hedging, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (i) how and why an entity uses derivative instruments, (ii) how the entity accounts for derivative instruments and related hedged items, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives, if any, on the balance sheet at fair value as either assets or liabilities. For derivatives that are not designated as a hedge, changes in its fair value together with the periodic net payment settlement amounts are recorded in the Company's Consolidated Statements of Comprehensive Loss within interest expense. During the years ended September 30, 2024 and 2023, the Company's derivatives were not designated as a hedge.

Recently Adopted Accounting Standards
In February 2016, the FASB issued ASC 842. This update requires recognition of lease assets and lease liabilities on the balance sheet of lessees. ASC 842 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2021. The Company adopted ASC 842 and related updates as of October 1, 2022 using the modified retrospective approach, with the cumulative effect of the initial application recognized at the date of adoption. Under this effective date method, financial results reported prior to October 1, 2022 are unchanged.
The Company adopted the practical expedient package where an entity allows lessees to grandfather in the lease classification under ASC 840 into ASC 842; therefore, the operating lease under the old guidance remains an operating lease under the new guidance. The Company adopted the practical expedient package to elect not to perform the analysis of separating lease and nonlease components and instead simply calculate the present value of the fixed payments.

The Company also elected the practical expedient package for short-term lease exception which allows the Company to not recognize leases with a contractual term of less than 12 months of the balance sheet.

Upon adoption of ASC 842, the Company recognized a ROU asset on its books for the net present value of all its active leases with terms greater than 12 months, with an offsetting lease liability. The ROU asset and corresponding lease liability will be amortized over the course of the lease term, which includes all options that the Company expects it will exercise.

The Consolidated Balance Sheet impact of the adoption of ASC 842 was an increase to ROU assets of $61,846, an increase to operating lease liabilities of $61,846, and a cumulative effect adjustment to members' equity from other current liabilities for $105 and other long-term liabilities for $1,996. The adoption of ASU 2016-02 did not have a material impact on net income or cash flows.

In December 2019, the FASB issued authoritative guidance, which is included in ASU 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes*. This ASU eliminates some exceptions to the general approach in ASC Topic 740 and allows for a more consistent application of the guidance by clarifying certain aspects of the existing guidance. The Company adopted this standard on October 1, 2022 and it did not have a material impact on its consolidated financial statements.

In March 2020, the FASB issued authoritative guidance, which is included in ASU 2020-04, *Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional guidance for a limited period of time in order to ease potential issues relating to accounting for or recognizing the effects of reference rate reform on financial reporting. The Company adopted this standard on October 1, 2022 and it did not have a material impact on its consolidated financial statements.

The Company periodically reviews new accounting standards that are issued. Although some of these accounting standards may be applicable to the Company, the Company has not identified any other new standards that it believes merit further discussion, and the Company expects that none would have a significant impact on its consolidated financial statements.

3. Accounts Receivable, Net

Accounts receivable, net of allowances for returns and credit losses, consist of the following:

	September 30, 2024	September 30, 2023
Accounts receivable	$ 33,436	$ 33,686
Less: Allowances	(6,414)	(4,943)
	$ 27,022	$ 28,743

4. Inventories, Net

Inventories are comprised of the following:

	September 30, 2024	September 30, 2023
Raw materials	$ 32,447	$ 28,805
Work-in-process	9,387	11,915
Finished goods	33,422	36,912
	$ 75,256	$ 77,632

5. Property, Plant and Equipment, Net

Property, plant and equipment, net of accumulated depreciation and amortization, are comprised of the following:

	Estimated Useful Life in Years	September 30, 2024	September 30, 2023
Land	-	$ 118	$ 118
Buildings	30	1,182	1,182
Leasehold improvements	1–20	5,123	3,274
Furniture, fixtures and equipment	1–10	60,249	59,247
		66,672	63,821
Less: Accumulated depreciation and amortization		(49,828)	(47,273)
		$ 16,844	$ 16,548

During the year ended September 30, 2024 and 2023, the Company recorded losses on disposals of property, plant and equipment of $411 and $20, respectively, within losses on disposals of property, plant and equipment on the consolidated statements of comprehensive loss.

As of September 30, 2024 and 2023, the Company had no equipment under finance leases.

Substantially all property, plant and equipment of the Company collateralized its debt obligations (Note 8). Depreciation and amortization of property, plant and equipment totaled $7,427 and $8,117 for the years ended September 30, 2024 and 2023, respectively, and is included in cost of sales for depreciation and amortization expense related to manufacturing assets, and selling, general and administrative expense for nonmanufacturing assets.

6. Goodwill and Intangible Assets, Net

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The changes in the carrying amount of goodwill for the years ended September 30, 2024 and 2023 were as follows:

	Gross Carrying Amount
Balance at October 1, 2022	$ 152,202
Currency translation adjustment	436
Balance at September 30, 2023	152,638
Currency translation adjustment	431
Balance at September 30, 2024	$ 153,069

The Company reviews goodwill for impairment on a reporting unit basis on July 1 of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company performed qualitative assessments as of July 1, 2024 and 2023 and determined that it was not more likely than not that the fair value of the reporting unit was less than the respective carrying value. Subsequent to July 1, 2024 through September 30, 2024, the Company did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable. Significant adverse changes in future periods could negatively affect the Company's key assumptions and may result in future goodwill impairment charges which could be material.

All of the Company's goodwill is attributable to a reporting unit with a negative carrying amount.

The carrying amounts of identifiable intangible assets as of September 30, 2024 and 2023 were as follows:

	September 30, 2024			
	Amortization Period (Years)	Gross Carrying Amount (1)	Accumulated Amortization (1)	Net Carrying Amount
Customer relationships	4–17	$ 125,887	$ (54,756)	$ 71,131
Trademarks/Trade names	2–10	46,611	(39,320)	7,291
Noncompete agreements	3	442	(442)	-
Total intangible assets		$ 172,940	$ (94,518)	$ 78,422

	September 30, 2023			
	Amortization Period (Years)	Gross Carrying Amount (1)	Accumulated Amortization (1)	Net Carrying Amount
Customer relationships	4–17	$ 125,562	$ (47,242)	$ 78,320
Trademarks/Trade names	2–10	46,991	(36,688)	10,303
Noncompete agreements	3	403	(403)	-
Total intangible assets		$ 172,956	$ (84,333)	$ 88,623

(1) Amounts include the impact of foreign currency translation adjustments.

Aggregate amortization expense related to intangible assets totaled $10,209 and $11,572 for the years ended September 30, 2024 and 2023, respectively.

Estimated future amortization expense related to intangible assets as of September 30, 2024 was as follows:

Year Ending September 30,		Estimated Amortization Expense
2025	$	10,031
2026		9,541
2027		9,285
2028		7,188
2029		7,188
Thereafter		35,189
	$	78,422

7. Accrued Expenses

Accrued expenses were comprised of the following as of September 30, 2024 and 2023:

	Year Ended September 30,			
		2024		2023
Employee payroll, taxes, benefits, and other compensation	$	8,318	$	4,499
Accrued income tax		632		-
Accrued property tax		328		296
Debt interest		134		277
Unearned revenue		339		269
Other accrued expenses		717		435
	$	10,468	$	5,776

8. Debt

As of October 1, 2022, the Company's debt consisted of (i) a $347,500 senior secured term loan, (ii) a $52,500 senior secured delayed draw term loan and (iii) a $25,000 senior secured revolving facility. The maturity date on the term loan and the delayed draw term loan (the "term loans") is September 30, 2026. The maturity date on the revolving facility is September 30, 2025.

On June 29, 2023, the Company amended its credit agreement (the "2023 Amended Credit Agreement"). The primary changes made in the 2023 Amended Credit Agreement included waiving mandatory quarterly principal payments through September 30, 2024, waiving the maximum allowable total leverage ratio covenant through March 31, 2024 and increasing the maximum allowable total leverage ratio in subsequent periods, adjusting the minimum liquidity covenant, extending the maturity date of the revolving facility by one year to September 30, 2026 and allows for 50% of the monthly interest payments related to the term loans and revolving credit facility to be added to the loan balances (PIK interest) instead of paying in cash through December 31, 2024. A higher percentage of interest payments after December 31, 2024 may be paid in cash depending on certain factors including the Company's liquidity position. No change was made to the term loans maturity date.

For the year ended September 30, 2023, the Company incurred deferred financing fees of $1,854 which were added to the term loan and revolving facility balances instead of being paid in cash.

These fees are being expensed over the term of the credit agreement using the effective interest method for the term loan.

Debt under the Amended Credit Agreement was comprised of the following as of September 30, 2024:

	Principal Outstanding	Unamortized Deferred Financing Fees	Net Balance Outstanding
Term loans	$ 377,578	$ (4,668)	$ 372,910
Less: Current portion of term loans	(15,632)	-	(15,632)
Total term loans	361,946	(4,668)	357,278
Revolving credit facility	1,576	-	1,576
Total long-term debt, net	$ 363,522	$ (4,668)	$ 358,854

Debt under the Amended Credit Agreement was comprised of the following as of September 30, 2023:

	Principal Outstanding	Unamortized Deferred Financing Fees	Net Balance Outstanding
Term loans	$ 352,671	$ (6,588)	$ 346,083
Less: Current portion of term loans	-	-	-
Total term loans	352,671	(6,588)	346,083
Revolving credit facility	25,845	-	25,845
Total long-term debt, net	$ 378,516	$ (6,588)	$ 371,928

The following summarizes expected future minimum principal payments required under the Company's 2024 Amended Credit Agreement as of September 30, 2024:

	Long-Term Debt
2025	$ 15,632
2026	363,522
	$ 379,154

Borrowings under the 2023 Amended Credit Agreement are collateralized by substantially all assets of the Company. The Company is required to make quarterly principal payments under the 2023 Amended Credit Agreement beginning in December 2024 and for each quarterly period ending thereafter. For the period December 2024 through September 2025, the required quarterly principal payments are equal to the lesser of (i) an amount equal to one quarter of one percent (0.25%) of the term loans principal balance outstanding on the 2023 amendment date and (ii) an amount based on the daily average liquidity balance less $17,500. For the periods after September 2025, the required quarterly principal payments are equal to one quarter of one percent (0.25%) of the term loans principal balance outstanding on the 2023 amendment date.
The Company may be required to make additional mandatory payments of the term loan with certain excess cash flow amounts (as set forth in the 2023 Amended Credit Agreement), with customary exceptions. No such additional mandatory payments were made during the years ended September 30, 2024 and 2023. For the year ended September 30, 2025, the Company

expects to make an excess cash flow payment of $12,183. This amount is included in the current portion of term loans as of September 30, 2024. At the Company's election, borrowings bear interest at the applicable Eurodollar Rate plus a variable margin or at a Base Rate plus a variable margin. As of September 30, 2024, the variable margin rate under the New Credit Agreement was 12.29%. The Company is also required to pay a quarterly fee on the unused balance of the revolving facility of 0.50%. Accrued interest is payable based on elected intervals of one or three months.

The 2024 Amended Credit Agreement contains restrictive covenants, including restrictions on incurring other indebtedness and requirements that the Company maintain certain financial ratios. As of September 30, 2024, the Company was in compliance with the Amended Credit Agreement. Upon the occurrence of a default, the lender has various remedies or rights, which may include proceeding against the collateral or requiring the Company to repay all amounts outstanding under the Amended Credit Agreement.

Derivative Instruments and Hedging Activities
On July 13, 2023, the company entered into an interest rate cap agreement to manage the interest rate exposure on its term loans. Details behind this interest rate cap agreement are as follows:

Notional Amount	Cap	Premium Paid	Termination Date
$ 300,000	5.00 %	$ 1,965	July 17, 2025

Interest rates increased in 2023 and 2024 above the cap rates and the company received cash proceeds during the year ended September 30, 2024 as a result of entering into the interest rate cap agreement. U.S. GAAP requires that all derivatives be recognized in the consolidated financial statements at their fair values. The gains (losses) recognized on the Company's Consolidated Statements of Comprehensive Loss due to changes in fair value as well as, the cash proceeds received are detailed in the tables below.

Fair Market Value at July 13, 2023	Fair Market Value at September 30, 2023	Net Gain Recognized	Cash Proceeds Received
$ 1,965	$ 2,447	$ 482	$ -

Fair Market Value at September 30, 2023	Fair Market Value at September 30, 2024	Net (Loss) Recognized	Cash Proceeds Received
$ 2,447	$ 226	$ (2,221)	$ 1,025

Note the fair market value of the interest rate cap is recorded in prepaid expenses and other current assets in the Company's Consolidated Balance Sheets. The gains and losses recognized, are recorded in interest expense in the Company's Consolidated Statements of Comprehensive Loss

9. Fair Value Measurements

The Company categorizes assets and liabilities measured at fair value into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company believes that the fair values of financial instruments, including cash, accounts receivable, accounts payable, and long-term debt, net approximate their respective carrying values as of September 30, 2024 and 2023. The carrying values of cash, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The interest rate cap derivative is considered a Level 2 asset based on the inputs and valuation techniques used to measure its fair value.

10. Income Taxes

Consolidated loss before provision for income taxes consists of the following for the years ended September 30, 2024 and 2023:

	2024	2023
U.S.	$ (18,931)	$ (43,639)
Foreign	1,025	(160)
Total loss before income taxes	$ (17,906)	$ (43,799)

For the years ended September 30, 2024 and 2023, (benefit) for income taxes included:

	2024	2023
Current		
Federal	$ 4,239	$ 61
State	1,453	286
Foreign	25	59
	5,717	406
Deferred		
Federal	(554)	(1,260)
State	(848)	(187)
	(1,402)	(1,447)
	$ 4,315	$ (1,041)

The differences between income taxes at the statutory federal income tax rate and income taxes reported in the Consolidated Statements of Comprehensive Loss are as follows:

	Years Ended Septeber 30,	
	2024	2023
Federal income tax at statutory rate of 21%	$ (3,760)	$ (9,153)
State taxes, net of federal benefit	(717)	(1,551)
Nondeductible expenses	161	83
Change in tax rates	229	-
Credit for increasing research activities	(1,175)	(676)
Change in valuation allowance	10,239	10,419
Other	(662)	(163)
	$ 4,315	$ (1,041)

As of September 30, 2024 and 2023, the composition of deferred income tax liabilities, net was as follows:

	2024	2023
Deferred income tax assets (liabilities), net		
Accounts receivable reserves	$ 1,604	$ 1,214
Inventory valuation adjustments	2,931	2,546
Property, plant and equipment	(1,685)	(2,256)
Accrued compensation	-	49
ROU assets	(15,518)	(16,200)
Lease liabilities	16,199	16,534
Research and development	5,778	2,142
Intangible assets	(19,355)	(19,885)
Section 163(j) interest limitation carryforwards	37,655	28,406
Unrealized (gains) losses	(141)	225
Domestic net operating loss carryforwards	2,084	4,248
Foreign net operating loss carryforwards	1,761	1,470
Tax credit carryforwards	1,676	3,099
	32,989	21,592
Less: Valuation allowance	(36,257)	(26,018)
	$ (3,268)	$ (4,426)

As of September 30, 2024 and 2023, the Company had foreign net operating loss carryforwards of $8,196 and $7,249, respectively. If not used, loss carryforwards of $2,163 will expire between 2024 and 2043; loss carryforwards totaling $6,033 do not expire. As of September 30, 2024 and 2023, the Company had $0 and $8,506 in federal net operating loss carryforwards, respectively. The federal net operating loss has an indefinite carryover, and utilization of the net operating loss is subject to taxable income limitations. As of September 30, 2024 and 2023, the Company had foreign tax and research and development tax credit carryforwards of approximately $2,004 and $3,377, respectively, and if not used, will expire between 2024 and 2041. The Sec. 163(j) interest carryforward has an indefinite carryover, and utilization of the Sec. 163(j) interest carryforward is subject to certain income limitations. As of September 30, 2024 and 2023, the

Company had Sec. 163(j) interest carryforwards of approximately $150,581 and $115,672, respectively.

During the year ended September 30, 2024, the change in valuation allowance of $10,239 relates to changes in foreign and state net operating losses, state tax credits, and Sec.163(j) interest limitations. Management has recorded a valuation allowance on certain deferred tax assets that they believe are not more-likely-than-not to be realized in the near future.

Uncertain tax positions are recorded when it is more likely than not that a given tax position would not be sustained upon examination by taxing authorities. As of September 30, 2024 and 2023, the Company had no uncertain tax positions that required recognition or disclosure in its Consolidated Statements of Comprehensive Loss.

The Company files income tax returns in the United States federal jurisdiction, various U.S. state jurisdictions and certain foreign jurisdictions. The Company is no longer subject to U.S. federal tax examinations for fiscal years before 2021. The Company is no longer subject to examination in any U.S. state jurisdiction or foreign jurisdiction for fiscal years prior to 2019.

11. Capital Stock

Management Incentive Units
Norway Holdings, LP and Norway Topco, LP have issued grants of Class B and Class C incentive units, respectively, (collectively "Incentive Units") to select employees and management of the Company, and the related expense is pushed down to the Company. Each unit represents a fractional part of the limited partner interest. Norway Holdings, LP, reserved 12,258,829 Class B Units for issuances to existing or new employees, officers, directors, consultants or other service providers of the partnership or any of its subsidiaries. In July 2019, it was determined that no additional grants of Class B units would be made. Norway Topco, LP reserved 20,819,940 Class C units for issuances to existing or new employees, officers, directors, consultants or other service providers of the partnership or any of its subsidiaries.

The Class B and Class C incentive units vest over five years with 20% vesting no later than one year after the date of grant ("Initial Vesting Date") with the remaining units vesting an additional 10% on the last day of each of the eight consecutive six-month periods following the Initial Vesting Date. Upon the occurrence of a change of control, all units that have not yet vested shall become fully vested. Vested units will receive distributions in the event that certain defined performance thresholds are met.

The Company values the Incentive Units with the assistance of third-party valuation experts at the respective date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

The assumptions underlying the valuations represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and the Company uses significantly different assumptions or estimates, equity-based compensation expense could be materially different. The fair value of the units was estimated at the grant date using the Black-Scholes Option Pricing model.

The following table reflects Class B unit activity for the periods indicated (numbers in ones):

	Number of B Units Available to Issue	Number of B Units Outstanding	Weighted-Average Grant Price
Balance at October 1, 2022	-	9,644,165	$ 0.2223
Units forfeited	-	-	
Balance at September 30, 2023	-	9,644,165	0.2223
Units forfeited	-	-	
Balance at September 30, 2024	-	9,644,165	$ 0.2223

The fair value of the issued and outstanding Class B units as of September 30, 2024 and 2023 was $2,144. The weighted average remaining contractual life for Class B units outstanding as of September 30, 2024 and 2023 was zero and less than one year, respectively. The Company recorded $40 and $48 in compensation expense related to Class B units for the years ended September 30, 2024 and 2023, respectively. The Company had no future period Class B unit compensation-based expense as all outstanding units were fully vested as of September 30, 2024.

The following table reflects Class C unit activity for the periods indicated (numbers in ones):

	Number of C Units Available to Issue	Number of C Units Outstanding	Weighted-Average Grant Price
Balance at October 1, 2022	4,289,352	16,530,588	$ 0.2950
Units granted	(485,799)	485,799	0.1957
Units forfeited	8,220,242	(8,220,242)	0.2561
Balance at September 30, 2023	12,023,795	8,796,145	0.3258
Units forfeited	680,555	(680,555)	0.2382
Balance at September 30, 2024	12,704,350	8,115,590	$ 0.3332

The fair value of the Class C units was determined at the respective date of grant. The fair value of the issued and outstanding Class C units as of September 30, 2024 and 2023 was $2,704 and $2,866, respectively. The weighted average remaining contractual life for Class C units outstanding as of both September 30, 2024 and 2023 was less than one year. The Company recorded $137 and $(133) in compensation expense related to Class C units for the years ended September 30, 2024 and 2023, respectively.

No Class C units were granted during the year ended September 30, 2024. The following table lists the inputs to models used to calculate the fair value of the Class C Units granted during the year ended September 30, 2023:

		Black-Scholes Option Pricing Model
Fair value of units	$	0.1957
Exercise price		0.1957
Expected term (years), weighted average		3
Expected dividend yield		0 %
Expected volatility		80.00 %
Risk-free interest rate		2.80 %

The grant date fair value of all Incentive Units is estimated using the Black-Scholes option pricing model. The pricing model requires assumptions, which include the expected life of the Incentive Units, the risk-free interest rate, the expected dividend yield and expected volatility of the units over the expected life, which significantly impacts the assumed fair value.

The expected term of the Incentive Units is based on the estimated time of a change in control at the grant date. Given there is no active external or internal market for the units at the date of the grant, a peer group of companies was used to calculate volatility. The risk-free interest rate was based on the rate of treasury securities with the same term at the time of the grant date. As of September 30, 2024, the Company had $65 of future period compensation-based expense related to the Class C units. No income tax benefit was recognized for this compensation expense in the consolidated statements of comprehensive loss, as the Company does not anticipate realizing any such benefit in the future.

12. Employee Benefit Plans

The Company has a 401(k) defined contribution profit sharing plan that covers substantially all employees. Under the plan, employees may contribute up to 75% of their compensation subject to certain exceptions and limitations. In addition, employees who meet certain age requirements may contribute additional amounts permitted by law under the plan. The Company makes matching contributions to the plan up to the first 4% of employee contributions and is permitted to make discretionary contributions under the plan. The amounts contributed to the plan by the Company were approximately $1,221 and $1,262 for the years ended September 30, 2024 and 2023, respectively.

13. Commitments and Contingencies

The Company is involved in various legal matters arising in the normal course of business.
The Company accrues anticipated costs of settlement, damages, losses for such legal matters and, under certain conditions, costs of defense, to the extent specific losses are probable and reasonably estimable, in accordance with ASC Topic 450. Otherwise, these costs are expenses as incurred. If the estimate of a probable loss is a range and no amount within the range is more likely than any other amount, the Company accrues the minimum amount of the range. Litigation and product liability matters are inherently uncertain, and the outcomes of individual matters are difficult to predict and quantify. As such, significant judgment is required in determining legal and product liability accruals. As of September 30, 2024, no liability was recorded for individual regulatory and legal matters in which the Company was involved as of that date. In the opinion of management, the individual regulatory and legal matters in which the Company was involved as of September 30, 2024 were not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. However, the aggregate liability of the Company arising from regulatory and legal proceedings related to future matters could have a material effect on the Company's financial position, results of operations or cash flows. Estimates

related to legal and product liability accruals may change as additional information becomes available, including information related to the nature or existence of claims against the Company, trial court or appellate proceedings, and mediation, arbitration or settlement proceedings.

14. Leases

The Company has multiple operating lease arrangements for manufacturing facilities, administrative buildings, sales offices, and distribution centers. The ROU asset and lease liability associated with these operating leases are separately stated on the face of the Company's Consolidated Balance Sheets.
Supplemental cash flow information for activity since the adoption of ASC 842 is as follows:

	Year Ended September 30, 2024	Year Ended September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating leases	$ 5,163	$ 2,641
ROU assets obtained in exchange for lease obligations		
Operating leases	$ -	$ 5,497

Amounts disclosed for ROU assets obtained in exchange for lease obligations include amounts added to the carrying amount of ROU assets resulting from lease modifications.

The weighted average remaining lease term as of September 30, 2024 and 2023 for operating leases was 16 years and 19 years respectively. The weighted average discount rate as of September 30, 2024 and 2023 for operating leases was 4.0% and 3.9% respectively.

Future minimum payments under operating leases as of September 30, 2024 are as follows:

	Minimum Lease Payments
Years Ending September 30,	
2025	$ 5,778
2026	5,785
2027	5,832
2028	5,780
2029	4,078
Thereafter	63,132
Less: Imputed interest	(25,604)
Total obligation	$ 64,781

15. Subsequent Events

The Company evaluated subsequent events through November 14, 2024, the date the financial statements were available to be issued and determined there were no additional items that required further disclosure or recognition.