MOSCHIP TECHNOLOGIES, USA

Financial Statements
And Supplemental Schedule

For the year ended March 31, 2022

With
Independent Auditor's Report and Accompanying Notes

Prepared by:

Chugh CPAs, LLP
1600 Duane Ave, Santa Clara,
CA, 95054

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder
of Moschip Technologies, USA

Santa Clara, CA

Opinion

We have audited the accompanying financial statements of Moschip Technologies, USA (a California corporation), which comprise the balance sheet as of March 31, 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moschip Technologies, USA as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Moschip Technologies, USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Moschip Technologies, USA'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moschip Technologies, USA'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.

Chugh CPAs LLP

Chugh CPAs LLP

Santa Clara, CA

April 18, 2022

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2022

ASSETS

Cash	$	811,086
Accounts receivable, net		1,492,214
Deposits		3,658
Unbilled Revenue		4,255
TOTAL CURRENT ASSETS		2,311,213
Property & equipment, at cost		48,087
Less: Accumulated depreciation		(42,879)
TOTAL PROPERTY & EQUIPMENT		5,208
Intangibles, at cost		507,297
Less: Accumulated amortization		(183,196)
TOTAL INTANGIBLE ASSETS		324,101
TOTAL NON CURRENT ASSETS		329,309
TOTAL ASSETS	$	2,640,522

See independent auditors' report and accompanying notes

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2022

LIABILITIES & STOCKHOLDER'S EQUITY

Accounts payable	$	2,325,661
Accrued expenses		143,568
Salaries payable		65,766
TOTAL CURRENT LIABILITIES		2,534,995
TOTAL LIABILITIES		2,534,995
Common stock, no par value, 20,212,813 authorized, 19,192,404 issued and outstanding		3,044,000
Capital reserve		945,965
Retained earnings		(3,884,438)
TOTAL STOCKHOLDER'S EQUITY		105,527
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	$	2,640,522

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022

Service revenue	$ 8,660,520
TOTAL REVENUE	8,660,520
Cost of services (Schedule A)	8,005,720
GROSS PROFIT	654,800
Operating expenses (Schedule B)	527,878
OPERATING INCOME BEFORE TAXES	126,922
OTHER INCOME/(EXPENSE)	
Other income	401,256
Interest expense	(18,110)
INCOME BEFORE INCOME TAX	510,068
Income Tax Expense	(829)
NET INCOME	$ 509,239

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MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2022

	Common Stock								Total Stockholder's
	No. of Shares		Amount		Capital Reserve		Retained Earnings		Equity
Balance as of April 1, 2021	19,192,404	$	3,044,000	$	945,965	$	(4,393,677)	$	(403,712)
Net Income							509,239		509,239
Balance as of March 31, 2022	19,192,404	$	3,044,000	$	945,965	$	(3,884,438)	$	105,527

See independent auditors' report and accompanying notes

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$	509,239
Provided by operating activities:		
Depreciation expense		2,760
Amortization		169,104
Other Income		(247,384)
(Increase) decrease in operating assets		
Accounts receivable, net		(846,465)
Deposits		(188)
Unbilled revenue		(4,255)
Increase (decrease) in operating liabilities		
Accounts payable		1,068,192
Accrued expenses		(5,141)
Salaries payable		25,315
Unearned Revenue		(2,667)
Net Cash provided by operating activities		668,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of asset		(5,672)
Net cash used in investing activities		(5,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit		(117,520)
Loan from key personnel		(142,234)
Net cash used in financing activities		(259,754)
NET INCREASE IN CASH		403,085
CASH, beginning of year		408,001
CASH, end of year	$	811,086

Note:PPP Loan along with the interest accrued has been forgiven, hence included in Other Income

NOTE 1 – DESCRIPTION OF BUSINESS

Moschip Technologies, USA, ("the Company") was incorporated in the state of California on March 5, 1998 as "Netmos Technology, Inc., subsequently changed its name on February 15, 2002 to "Moschip Technology, USA; thereafter changed its name to "Moschip Technologies, USA" on July 23, 2019. The Company provides comprehensive design services, and essential silicon and systems services for its customers worldwide.

The Company uses enterprise and mobile network platforms that implement complex computing and communication functions to support the growing internet and cloud-based applications. The Company's PHY technology based on G-Architecture, provides high-speed serial data interface (serDes) IP for developing low-cost, low-power SoC for various networking applications.

On October 7, 2019, Gigacom Semiconductor, LLC merged with and into Moschip Technologies, USA and Moschip Technologies, USA is the surviving corporation in the merger.

Moschip Technologies USA is a wholly owned subsidiary of Moschip Technologies Limited, an Indian company.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company uses accrual method of accounting for income tax reporting.

Use of Estimates

The preparation of financial statements and the related disclosures in conformity with generally accepted accounting principles in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and revenue and expenses during the period reported. Actual results may differ from these estimates. Estimates are used in accounting from among other things, estimated useful lives of property and equipment, impairment of long-lived assets and goodwill, depreciation, amortization, certain accrued expenses, intangible asset valuation and taxes.

Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

Revenue Recognition

The Company recognize revenues when on delivery of services to the customers in an amount that reflects the consideration which is expected to be entitled to in exchange for those services. See Note 4 for further discussion on Revenues.

Cash

Cash consists of cash in bank account.

Accounts Receivable

The Company extends credit to its customers in the normal course of business. The Company performs ongoing evaluation of its existing receivables and evaluation of periodic ageing of the accounts to estimate allowance for potential credit losses. Losses are written off against the allowances when determined to be uncollectable.

Property, Plant and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over estimated useful lives of five and seven years. When items of property or equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations.

Intangible Assets

Intangible Assets are stated at cost and are being amortized over their estimated useful lives using the straight- line method for financial reporting purposes as follows:

Intellectual Property	3 to 5 years

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109) “Accounting for Income Taxes”, which requires an assets and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary, to reduce deferred tax assets to the amount expected to be realized.

Stock-based compensation

The Company accounts for its employee stock-based compensation in accordance with ASC Topic 718, *Compensation – Stock Compensation*. ASC Topic 718 requires that all employee stock-based compensation is recognized as a cost in the financial statements. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period.

Under the fair value recognition provisions of accounting standards, share-based compensation cost is measured at the grant date based on the fair value of the award and are recognized over the vesting period. Determining the fair value of the share-based awards at the grant date requires judgment, including estimating the expected term over which stock options will be outstanding before they are exercised, the expected volatility of our stock, and the number of share-based awards that are expected to be forfeited. If actual results differ significantly from our estimates, share-based compensation expense and our results of operations could be materially impacted.

Subsequent Events

As required under FASB ASC 855 “Subsequent Events” (formerly FAS 165), the Company is required to disclose events and transactions after balance sheet date but before the financial statements are available to be issued.

The Company has evaluated the subsequent events until April 18, 2022 which is the date the financial statements are available for issuance. The Company has concluded that no other events or transactions other than the one described above have occurred which would require adjustments or disclosures in the Company’s financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification (ASC) Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. This ASC is effective for private companies for the fiscal years beginning after December 15, 2021. Management is currently evaluating the new update.

NOTE 3 – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic. COVID 19 has spread across most of the world including the United States of America where the Company has its operations. However, the Company’s operations in terms of revenue had not affected significantly for the current year. In assessing the recoverability of its receivables, the Company has considered internal and external information up to the date of approval of these financial statements. The impact of COVID 19 may be different from that estimated by the Company and the Company will continue to closely monitor any material changes in future economic conditions.

NOTE 4 – REVENUE RECOGNITION

Revenue Recognition

The Company recognizes revenues in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 606, Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized when the following steps have been fulfilled:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled receivables or unearned revenues in the accompanying balance sheet. When there is no identifiable contract, the Company recognizes revenue in the amount of consideration received when the Company has transferred control of the services.

The Company generates its revenues from providing professional services under two types of billing arrangements: time-and-expense and milestone basis. Time-and-expense billing arrangements require the client to pay based on the number of hours worked at agreed-upon rates. Expense reimbursements that are billable to the clients are included in total revenues. Reimbursable expenses are primarily recognized as revenue in the period in which the expense is incurred.

The Company has fixed-price contracts, and revenue is recognized under the percentage of completion method, measured by the percentage of costs incurred to date to estimated total costs of each contract. Provisions for estimated losses on uncompleted contracts are provided for when determined, regardless of the completion percentage. As contracts can extend over one or more accounting periods, changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to cost and income and are recognized in the period in which the revisions are determined.

Disaggregation of Revenue:

The following table presents revenue disaggregated by revenue source for the year ended March 31, 2022. The Management has applied the practical expedient of providing limited disclosure in this regard, as the cost to obtaining this information exceeds the benefits.

Revenue Source	Amount	
Production Services Income	$	173,208
Design Services Income		8,487,312
TOTAL	**$**	**8,660,520**

Contract Assets and Liabilities:

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., milestone based or monthly) or upon achievement of contractual milestones. However, the Company sometimes receive advances or deposits from the customers, before revenue is recognized, resulting in deferred revenue. These deposits are liquidated when revenue is recognized.

The contract balances as of March 31, 2022 and March 31, 2021 were as follows:

Particulars	March 31, 2022	March 2021
Accounts Receivable	$ 1,492,214	$ 645,749
Unearned Revenue	-	2,667

NOTE 5 – CONCENTRATION OF RISKS

Accounts Receivables and Sales

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential uncollectable accounts as deemed necessary. The Company generally does not require collateral to secure its accounts receivable. It estimates credit losses based on management's evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company considers accounts receivable to be fully collectible except that the Company has recorded $12,000 as bad debt expense for the year ended March 31, 2022.

The Company's revenues and accounts receivable from its major customers for the year ended March 31, 2022 are as follows:

Clients	Revenue	Percentage	AR	Percentage
A	2,833,418	32%	609,600	41%
B	1,420,473	16%	139,743	9%

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the March 31, 2022:

Equipment	$ 48,087
Property and equipment, gross	**48,087**
Less: Accumulated Depreciation	(42,879)
Property and Equipment	**$ 5,208**

Depreciation expense was $2,760 for the year ended March 31, 2022.

NOTE 7 – INTANGIBLE ASSETS

Intangible assets include internally developed IP assets as of March 31, 2022. Amortization of the IP Asset is computed over the estimated economic life of the product of 3 years.

IP Assets	507,297
Intangibles, gross	**507,297**
Less: Accumulated Amortization	(183,196)
Intangibles	**$ 324,101**

Amortization expense for the year ended March 31, 2022 is $ 169,104.

NOTE 8 – ACCRUED EXPENSES

Accrued expenses consisted of the following at March 31, 2022:

Audit Fees	$ 8,500
Bonus	44,170
Production Service	13,090
Vacation expense	68,143
Commission expense	1,800
Deferred Rent	265
Professional Fees	7,600
Accrued Expenses	**$ 143,568**

NOTE 9 – COMMITMENTS UNDER OPERATING LEASE

The Company leases its office in Santa Clara, California under an operating lease that expired on October 31, 2021. The Company has entered into a new lease agreement effective from November 1, 2021 for a period of 2 years. The related rent expense is calculated on a straight-line basis with the differesnce recorded as deferred rent, if any. Rent expense for the year ended March 31, 2022 was $35,321. The Company has paid deposit and one months' rent in advance towards the same.

The future minimum lease payments under this new operating lease agreement are as follows:

April 2022 to October 2022	$ 24,913
November 2022 to October 2023	43,980

NOTE 10 –PPP LOAN AND EIDL GRANT

In May 2020, the Company received loan proceeds of $245,078, under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks ("applicable period") so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest, and utilities, and maintains its payroll levels as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness.

They received the forgiveness for the PPP loan and the interest accrued thereon, on May 26, 2021, and the same has been included under other income

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Moschip Technologies Limited (previously known as Moschip Semiconductor Technology Limited), an Indian based company as of March 31, 2022. The parent company provides engineering services to the Company.

The Company had the liability to pay a key managerial person $ 142,234 at the beginning of the year which included the accrued interest of $14,679 on the loan @7%p.a. During the year further interest of $5880 accrued on the loan. As of March 31, 2022 the Company fully paid the loan along with interest. The Company repaid $70,000 on August 5, 2021 and $20,000 on Nov 24, 2021 and $33,000 on February 14, 2022 and balance $25,114.35 on March 14, 2022 to the key personnel.

The parent company granted certain options to some of the employees of the Company under Moschip Stock Option Plan 2018, the cost of which is borne by the Company.

Details of transactions between the Company and its related parties are as follows:

Moschip Technologies, Ltd.	
Accounts payable	$ 2,325,661
Subcontractor Expense	5,309,765
Stock Compensation Cost	28,340

NOTE 12 – CONTINGENCIES

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities. Legal reverses are established in accordance with FASB ASC 450 "Accounting for Contingencies" (formerly known as SFAS No. 5).

Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of March 31, 2022.

NOTE 13 – INCOME TAXES

The Company accounts for income taxes under the provisions of FASB ASC 740, "Accounting for Income Taxes". Under ASC 740, deferred taxes are required to be classified based on the financial statement classification of the related assets and liabilities which give rise to temporary differences. Deferred taxes result from temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

Valuation Allowance

At March 31, 2022, the Company had net operating loss carry forwards for federal and state income tax purposes of $2.27 million and $4.78 million. Federal net operating loss accumulated till 2017 will begin to expire in 2035. The federal losses from 2018 will be carried forward indefinitely under the new Tax Act. State net operating loss carry forwards begin to expire in 2035.

There had been a merger of Gigacom Semiconductor, LLC into the Company. Utilization of the historic net operating loss is subject to a substantial annual limitation due to the indirect ownership change under Section 382 of the Internal Revenue Code of 1986 and similar state provisions. Under Section 382, after the ownership change the new loss corporation may deduct its pre-change losses against the taxable income in the future years in an amount equal to the Section 382 limitation amount, which is driven by the value of the stock. The section 382 base limitation is a product of fair market value of the old loss corporation and the federal long-term tax-exempt rate. The Company has not computed the section 382 base limitation amount. Accordingly, the loss utilization in the future years is not known during the period under audit.

As of March 31, 2022, the Company, has federal and state net deferred tax assets of $486K and $337K, respectively, which have been fully offset by a valuation allowance. Deferred tax assets relate primarily to net operating loss carry forwards. FASB ASC 740 Accounting for Income Taxes, provides for recognition of deferred tax assets if realization of such assets is more likely than not.

The Company will reassess the valuation allowance and if future evidence allows release of the valuation allowance, a tax benefit will be recorded accordingly.

NOTE 14 – STOCKHOLDER'S EQUITY

The Company had the following stockholder's equity structure as at March 31, 2022:

	Authorized Shares	Issued and Outstanding Shares
Common Stock	20,212,813	19,192,404
Series A Preferred	3,900,000	-
Series B Preferred	2,500,000	-
Series C Preferred	1,400,000	-

Common Stock:

The Company had authorized capital of 20,212,813 shares of its common stock at no par value.

The holder of each share of Common Stock shall have the right to one vote for each share and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation and shall be entitled to vote upon such matters and in such manner as may be provided by law. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common stock shall be entitled to receive dividends, as and when declared by Board of Directors.

<u>Preferred Stock:</u>

Voting Rights- Each holder of the shares of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which the shares of Preferred Stock held by such holder could be converted as of record date. The holders of shares of the Preferred Stock will be entitled to vote on all matters on which the Common Stock shall be entitled to vote.

Conversion- Each share of Preferred Stock is convertible, at the option of the holder, into fully paid shares of Common Stock determined by dividing the original issue price by the conversion price.

Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the conversion price:

(a) The closing of a Qualified Public Offering, or
(b) Upon the receipt by the Corporation of a written request for such conversion from the holders of the Preferred Stock then outstanding for that class of stock

Dividends- The holders of the Preferred Stock shall be entitled to receive dividends at the rate of $0.0067 per share per annum for Series A, $0.0136 per share per annum for Series B and $0.0272 per share per annum for Series C of the Preferred Stock.

Liquidation- In the event of any liquidation, dissolution, or winding up of the Corporation, the holders of each class of Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any assets or surplus funds, an amount per share equal to the sum of (i) The Original Issue price for that class of preferred stock and (ii) all declared but unpaid dividends on that class of preferred stock.

NOTE 15- EMPLOYEE STOCK OPTIONS PLAN

Moschip Technologies Limited, India being the parent company of Moschip Technologies, USA had granted certain options to some of the employees of Moschip Technologies, USA (The Company) under Moschip Stock Option Plan 2018. The stock compensation cost of $28,340 has been recorded during the year.

NOTE 16- GOING CONCERN

These financial statements are presented on the basis that the Corporation is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The Corporation anticipates increase in the revenues as it grows its comprehensive design services line of business. This is expected to increase revenue in the future periods. The management is of the opinion that going concern is not an issue.

1600 DUANE AVENUE, SANTA CLARA, CA 95054 | TEL 408.970.0100 | FAX 408.970.0200 | WWW.CHUGH.NET

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholder
Moschip Technologies, USA
Santa Clara, CA

We have audited the financial statements of Moschip Technologies, USA as of and for the year ended March 31, 2022, and our report thereon dated April 18, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1&2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedule A – Cost of services and Schedule B – Operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chugh CPAs LLP

Chugh CPAs LLP
Santa Clara, CA
April 18, 2022

MOSCHIP TECHNOLOGIES, USA
SCHEDULE A: COST OF SERVICES
FOR THE YEAR ENDED MARCH 31, 2022

Subcontractor charges	$	5,913,203
Salaries and wages		1,794,390
Production service		146,888
Payroll taxes		116,385
Vacation expense		33,657
Freight charges		1,198
TOTAL COST OF SERVICES	$	8,005,720

MOSCHIP TECHNOLOGIES USA
SCHEDULE B: OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

Advertising and marketing	4,650
Amortization	169,104
Bad Debts	12,000
Bank charges	5,494
Business licenses and permits	489
Commission	29,751
Consulting fees	12,700
Depreciation	2,760
Stock Compensation	28,340
Employee Benefits Program	2,078
Insurance	45,399
Legal and professional fees	46,110
Meals expense	3,505
Office expenses	8,387
Payroll Processing Fees	6,297
Rent expense	35,321
Repairs and Maintenance	1,016
Software Expense	87,331
Telephone and internet	3,941
Travel	22,471
Recruiting expense	736
TOTAL OPERATING EXPENSES	$ 527,878