

MOSCHIP TECHNOLOGIES, USA

Financial Statements
And Supplemental Schedules

For the year ended March 31, 2024

With

Independent Auditor's Report and Accompanying Notes

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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, 2024, 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, 2024, 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 29, 2024

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2024

ASSETS

CURRENT ASSETS	
Cash	\$ 217,673
Accounts receivable, net	2,725,638
Prepaid expense	403,615
Deposits	3,452
Unbilled revenue	697,818
Loan & advances	1,621,342
TOTAL CURRENT ASSETS	<u>5,669,538</u>
Property & equipment, at cost	54,886
Less: Accumulated depreciation	<u>(50,280)</u>
TOTAL PROPERTY & EQUIPMENT	4,606
Intangibles, at cost	507,297
Less: Accumulated amortization	<u>(507,297)</u>
TOTAL INTANGIBLE ASSETS	-
Right of use of asset	<u>63,610</u>
TOTAL NON CURRENT ASSETS	<u>68,216</u>
TOTAL ASSETS	<u><u>\$ 5,737,754</u></u>

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2024

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 3,666,113
Accrued expenses	261,003
Salaries payable	74,181
Unearned revenue	319,323
Short term lease liability	39,790
TOTAL CURRENT LIABILITIES	<u>4,360,410</u>

NON CURRENT LIABILITY

Long term lease liability	24,381
TOTAL NON CURRENT LIABILITY	<u>24,381</u>

TOTAL LIABILITIES	<u>4,384,791</u>
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STOCKHOLDER'S EQUITY

Common stock, no par value, 20,212,813 authorized, 19,192,404 issued and outstanding	3,044,000
Retained earnings	<u>(1,691,037)</u>

TOTAL STOCKHOLDER'S EQUITY	<u>1,352,963</u>
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TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 5,737,754</u>
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MOSCHIP TECHNOLOGIES, USA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

Revenue, net	\$ 14,916,520
Cost of services (Schedule A)	<u>(12,861,638)</u>
GROSS PROFIT	2,054,882
Operating expenses (Schedule B)	<u>(1,300,033)</u>
OPERATING INCOME BEFORE TAXES	754,849
OTHER INCOME/(EXPENSE)	
Other income	212
Lease interest expense	<u>(1,565)</u>
OTHER EXPENSES	(1,353)
INCOME BEFORE INCOME TAX	753,497
Income Tax Expense	<u>\$ (7,661)</u>
NET INCOME	<u><u>\$ 745,836</u></u>

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Common Stock</u> <u>No. of Shares</u>		<u>Amount</u>		<u>Retained</u> <u>Earnings</u>		<u>Total</u> <u>Stockholder's</u> <u>Equity</u>
Balance as of April 1, 2023	19,192,404	\$	3,044,000	\$	(2,436,873)	\$	607,127
Net income					745,836		745,836
Balance as of March 31, 2024	19,192,404	\$	3,044,000	\$	(1,691,037)	\$	1,352,963

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Adjustment to reconcile net income to net cash generated from operating activities	\$ 745,836
Provided by operating activities:	
Depreciation expense	4,073
Amortization	154,997
Amortization on leased assets	41,368
Lease interest expense	1,565
Stock compensation expense	316,471
Interest on Lease deposit	(129)
(Increase) decrease in operating assets	
Accounts receivable, net	(140,850)
Unbilled revenue	(417,118)
Employee advances	2,659
Prepaid expenses	(387,794)
Loan & advances	(1,621,342)
Increase (decrease) in operating liabilities	
Accounts payable	981,077
Accrued expenses	24,982
Salaries payable	12,973
Unearned revenue	319,323
Net cash provided by operating activities	<u>38,090</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property & equipment	<u>(1,844)</u>
Net cash used in investing activities	(1,844)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Change in Finance lease liability	(41,225)
Payment of interest on lease liability	<u>(1,565)</u>
Net cash used in financing activities	(42,790)
 NET DECREASE IN CASH	(6,544)
 CASH, beginning of year	<u>224,217</u>
 CASH, end of year	<u><u>\$ 217,673</u></u>

Supplemental disclosure of cash flow information

Taxes paid, net of refunds	7,661
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MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

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 the accrual method of accounting for both financial reporting and 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 certain 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 recognizes revenues 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 3 for further discussion on Revenues.

Cash

Cash and cash equivalents generally consist of cash in bank.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

Accounts Receivable

Accounts receivable, net of allowance for doubtful accounts, represents amounts due from customers for the services provided and are recorded at the invoiced amount and do not bear interest. 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. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided principally on a straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Computers and Equipment	3 years
Furniture and Fixtures	5 years
Leasehold Improvement	Shorter of estimated useful life and lease term

It is the Company's policy to capitalize property and equipment over \$ 1,000. Lesser amounts are recorded as expense in the consolidated financial statements.

Intangible Assets

Intangible assets include software, acquired assets and patent costs. The software is being amortized on a straight-line basis over the estimated useful life which varies from three to five years and patents over fifteen years as determined by the management.

Accounts Payable

Accounts payable are recorded when goods or benefits are received.

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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

Fair value measurements

The Company reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company does not have any Level 1, 2 or 3 financial instruments as of the reporting dates. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, accounts payable and accrued liabilities.

NOTE 3 – REVENUE RECOGNITION

Revenue Recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the transaction price (net of variable consideration) allocated to a particular performance obligation. 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”). The revenue is recognized upon completion of 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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

Disaggregation of Revenue:

The following table presents revenue disaggregated by revenue source for the year ended March 31, 2024. 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 service income	\$ 371,350
Semiconductor/Product Sales income	2,042,961
Design Services Income	12,368,003
Expense reimbursement income	134,206
TOTAL	\$ 14,916,520

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. Billing occurs after revenue recognition, resulting in unbilled receivable. 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, 2024 and March 31, 2023 are as follows:

PARTICULARS	March 31, 2024 Assets/ Liabilities	March 31, 2023 Assets/ Liabilities
Accounts receivable	\$ 2,725,638	\$ 2,584,788
Unbilled revenue	697,818	280,700
Unearned revenue	\$ 319,323	-

NOTE 4 – CONCENTRATION OF RISKS

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

As of March 31, 2024, cash and cash equivalents consist of cash deposited with a financial institution that management believes are of high-credit quality. The Company is exposed to credit risk in the event of default by the domestic financial institution to the extent that cash and cash equivalents are in excess of the amount insured by the Federal Deposit Insurance Corporation.

Accounts Receivables

As of March 31, 2024, the accounts receivable balance was \$2,725,638. 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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

The Company considers accounts receivable to be collectible for the year ended March 31, 2024 except that during the year the Company has made a provision for bad debts for \$56,250 as of March 31, 2024.

The Company's revenues and accounts receivable from its major customers for the year ended March 31, 2024 are as follows:

Clients	Revenue	Percentage	AR	Percentage
A	4,512,000	30%	1,141,500	42%
B	3,960,515	27%	652,650	24%

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2024:

Equipment	\$ 54,886
Less: Accumulated Depreciation	(50,280)
Property and Equipment	\$ 4,606

Depreciation expense is \$4,073 for the year ended March 31, 2024.

NOTE 6 – INTANGIBLE ASSETS

Intangible assets include internally developed IP assets as of March 31, 2024. Amortization of the IP Asset is computed over the estimated economic life of the product of 3 years.

IP Assets	\$ 507,297
Less: Accumulated Amortization on IP	(507,297)
Intangibles	\$ NIL

Amortization expense for the year ended March 31, 2024 is \$154,997.

NOTE 7 – PREPAID EXPENSES

Prepaid expenses consisted of the following as at March 31, 2024:

Insurance Exp- Medical	\$ 17,108
Liability insurance	719
Software tools cost	50,000
Dues & Subscription	3333
Advance for packaging services	250,824
Sales & marketing expenses	81,631
Prepaid Expenses	\$ 403,615

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 8 – ACCRUED EXPENSES

Accrued expenses consisted of the following at March 31, 2024:

Legal & Professional Fees	\$	15,308
Bonus		48,000
Subcontractor expenses		90,182
Vacation expense		107,513
Accrued Expenses	\$	261,003

NOTE 9 – COMMITMENTS UNDER OPERATING LEASE

During the year, the Company leased its office in Santa Clara, California under a finance lease which was effective from November 2021 for a period of two years and which has been renewed from November 1, 2023 for a further period of 2 years. The lease agreement contains scheduled rent increases. The lease asset is amortized over its estimated useful life of two years. The following summarizes the line items in balance sheet which include amounts for operating leases as of March 31, 2024:

Lease Expenses	Lease period		Total
	April 1, 2023 to October 31, 2023	November 1, 2023, to March 31, 2024	
Finance Lease expense			
Amortization of ROU asset	\$ 24,628	\$ 16,740	\$ 41,368
Interest on Lease liability	339	1,226	1,565
Total	\$ 24,967	\$ 17,966	\$ 42,932

ROU assets obtained in exchange for a new operating lease liability	\$ 80,080
Weighted-average remaining lease term for finance leases	1.58 yrs.
Weighted-average discount rate for finance and operating leases	4%

Maturity Analysis	Finance Lease
FY25	\$ 41,639
FY26	24,710
Total undiscounted cash flow	66,349
Less: present value discount	2,178
Total lease liabilities	\$ 64,171

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 10 – 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, 2024. The parent company provides engineering services to the Company. The Company procures hardware and sells it to the parent company.

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.

The parent company acquired Softnautics Inc., a California corporation, on June 7, 2023. The Company has given an advance to Softnautics Inc. to meet its working capital requirements. This is short term in nature and hence does not carry any interest.

Details of transactions between the Company and its related party is as follows:

Moschip Technologies Ltd.	
Accounts payable	\$ 3,555,614
Accounts receivables	537,533
Unearned revenue	253,749
Subcontractor expenses	8,403,312
Semiconductor/Product Sales income	2,042,961
Expense reimbursement income	134,206
Production SVCS income	357,000
Stock compensation cost	\$ 316,471

Softnautics Inc.	
Loans & advances	\$ 1,621,342

NOTE 11 – CONTINGENCIES

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities except that the Company has filed a suit against Acrovirt LLC for recovery of outstanding payments of \$170,200. The legal counsel for the Company has advised that it is premature to make any evaluation and that the opinion and estimate of the outcome cannot be commented as on the date of this report. Accordingly, the Company has made provisions for bad debts.

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, 2024.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 12 – 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, 2024, the Company had net operating loss carry forwards for federal and state income tax purposes of \$1.25 million and \$3.61 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 review.

As of March 31, 2024, the Company has federal and state net deferred tax assets of \$291K and \$261K, 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, requires entities to assess deferred tax assets for realization and to record a valuation allowance if the deferred tax asset is not fully realizable. The objective of the valuation allowance is to reduce the deferred tax asset to the amount that is more likely than not to be realized.

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 13 – STOCKHOLDER’S EQUITY

The Company had the following stockholder’s equity structure as at March 31, 2024:

	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. At the beginning of the year, the Company had 19,192,404 issued and outstanding shares of common stock. During the year, no shares have been issued. The Company has 19,192,404 shares of common stock issued and outstanding as at March 31, 2024.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

Preferred Stock:

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 14- 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 \$316,471 has been recorded for the year ended March 31, 2024.

NOTE 15 – SUBSEQUENT EVENTS

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 29, 2024, which is the date the financial statements are available for issuance. The Company has concluded that no other events or transactions have occurred which would require adjustments or disclosures in the Company's financial statements.



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**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, 2024, and our report thereon dated April 29, 2024, 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 29, 2024

MOSCHIP TECHNOLOGIES, USA
SCHEDULE A: COST OF SERVICES
FOR THE YEAR ENDED MARCH 31, 2024

Subcontractor charges	\$ 8,697,546
Payroll expenses	1,738,368
Production service	2,285,677
Payroll taxes	113,430
Vacation expense	<u>26,617</u>
TOTAL COST OF SERVICES	<u><u>\$ 12,861,638</u></u>

MOSCHIP TECHNOLOGIES USA
SCHEDULE B: OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

Advertising and marketing	29,299
Amortization	154,997
Amortization on leased assets	41,368
Bad debts	56,250
Bank charges	4,061
Business licenses and permits	638
Commission	40,000
Consulting fees	190,000
Depreciation	4,073
Dues and subscriptions	1,766
Employee benefits program	2,356
Insurance	110,399
Legal and professional fees	54,434
Meals expense	7,094
Misc expenses	186
Office expenses	7,290
Payroll processing fees	6,697
Penalties	29
Repairs and maintenance	295
Recruiting expense	5,837
Stock compensation	316,471
Software expense	5,809
Software tools cost	209,053
Telephone and internet	3,422
Travel	48,208
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TOTAL OPERATING EXPENSES	<u>\$ 1,300,033</u>