

MOSCHIP TECHNOLOGIES, USA

Financial Statements
And Supplemental Schedules

For the year ended March 31, 2025

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, 2025, 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, 2025, 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

May 2, 2025

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2025

ASSETS

CURRENT ASSETS	
Cash	\$ 606,434
Accounts receivable, net	4,725,804
Prepaid expense	168,057
Deposits	3,593
Unbilled revenue	702,815
Loan & advances	450,564
TOTAL CURRENT ASSETS	<u>6,657,267</u>
Property & equipment, at cost	56,344
Less: Accumulated depreciation	<u>(53,385)</u>
TOTAL PROPERTY & EQUIPMENT	2,959
Intangibles, at cost	507,297
Less: Accumulated amortization	<u>(507,297)</u>
TOTAL INTANGIBLE ASSETS	-
Right of use of asset	<u>23,435</u>
TOTAL NON CURRENT ASSETS	<u>26,394</u>
TOTAL ASSETS	<u><u>\$ 6,683,661</u></u>

MOSCHIP TECHNOLOGIES, USA
BALANCE SHEET
AS ON MARCH 31, 2025

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 3,832,271
Accrued expenses	377,613
Payroll payable	75,552
Unearned revenue	33,621
Short term lease liability	24,377
TOTAL CURRENT LIABILITIES	<u>4,343,434</u>

STOCKHOLDER'S EQUITY

Common stock, no par value, 20,212,813 authorized, 19,192,404 issued and outstanding	3,044,000
Retained earnings	<u>(703,773)</u>

TOTAL STOCKHOLDER'S EQUITY	<u>2,340,227</u>
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TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 6,683,661</u>
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MOSCHIP TECHNOLOGIES, USA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2025

Revenue, net	\$ 19,779,392
Cost of services (Schedule A)	<u>(16,677,513)</u>
GROSS PROFIT	3,101,879
Operating expenses (Schedule B)	<u>(2,110,589)</u>
OPERATING INCOME BEFORE TAXES	991,290
OTHER INCOME/(EXPENSE)	
Other income	602
Lease interest expense	<u>(1,846)</u>
OTHER EXPENSES	(1,244)
INCOME BEFORE INCOME TAX	990,046
Income Tax Expense	<u>\$ (2,781)</u>
NET INCOME	<u><u>\$ 987,265</u></u>

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED MARCH 31, 2025

	<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, 2024	19,192,404	\$	3,044,000	\$	(1,691,037)	\$	1,352,963
Net income					987,265		987,265
Balance as of March 31, 2025	19,192,404	\$	3,044,000	\$	(703,773)	\$	2,340,228

MOSCHIP TECHNOLOGIES, USA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Adjustment to reconcile net income to net cash generated from operating activities	\$ 987,265
Depreciation expense	3,105
Amortization on leased assets	40,175
Lease interest expense	1,846
Stock compensation expense	317,851
Interest on Lease deposit	(141)
(Increase) decrease in operating assets	
Accounts receivable, net	(2,000,166)
Unbilled revenue	(4,997)
Prepaid expenses	235,558
Loan & advances	1,170,778
Increase (decrease) in operating liabilities	
Accounts payable	(151,693)
Accrued expenses	116,610
Payroll payable	1,371
Unearned revenue	(285,702)
Net cash provided by operating activities	<u>431,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property & equipment	<u>(1,458)</u>
Net cash used in investing activities	(1,458)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in finance lease liability	(39,794)
Payment of interest on lease liability	<u>(1,846)</u>
Net cash used in financing activities	(41,640)
NET INCREASE IN CASH	388,761
CASH, beginning of year	<u>217,673</u>
CASH, end of year	<u><u>\$ 606,434</u></u>

Supplemental disclosure of cash flow information
Taxes paid, net of refunds

2,781

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

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, 2025

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, 2025

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.

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$25,631 during the year ended March 31, 2025.

Leases

Pursuant to ASC 842, the Company determines if an arrangement contains a lease at inception and determines the classification of the lease, as either operating or finance, at commencement. Operating and finance lease assets and liabilities are recorded based on the present value of future lease payments over the lease term which factors in certain qualifying initial direct costs incurred as well as any lease incentives received. If an implicit rate is not readily determinable, the Company utilizes our incremental borrowing rate and input from third-party lenders to determine the appropriate discount rate. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, which, if applicable, may factor in renewal or termination options. Finance leases incur interest expense using the effective interest method in addition to amortization of the leased asset on a straight-line basis, both over the applicable lease term. Lease terms may factor in options to extend or terminate the lease.

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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 3 – 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.

Disaggregation of Revenue:

The following table presents revenue disaggregated by revenue source for the year ended March 31, 2025. 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
IP services	\$ 5,892,024
Offshore development center	5,802,469
Time and material	5,825,827
Turnkey project	2,259,072
TOTAL	\$ 19,779,392

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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

The contract balances as of March 31, 2025 and March 31, 2024 are as follows:

PARTICULARS	March 31, 2025 Assets/ Liabilities	March 31, 2024 Assets/ Liabilities
Accounts receivable	\$ 4,725,804	\$ 2,725,638
Unbilled revenue	702,815	697,818
Unearned revenue	\$ 33,621	\$ 319,323

NOTE 4 – CONCENTRATION OF RISKS

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

Cash and cash equivalents

As of March 31, 2025, 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, 2025, the accounts receivable balance was \$4,725,804. 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 due amounts, actual collections may differ from the estimated amounts. The Company considers accounts receivable to be collectible for the year ended March 31, 2025 except that the Company has a provision for bad debts for \$170,200 as of March 31, 2025.

The Company’s revenues and accounts receivable from its major customers for the year ended March 31, 2025 are as follows:

Clients	Revenue	Percentage	AR	Percentage
A	5,820,769	30%	804,935	16%
B	3,214,000	16%	559,500	11%

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2025:

Equipment	\$ 56,344
Less: Accumulated Depreciation	(53,385)
Property and Equipment	\$ 2,959

Depreciation expense is \$3,105 for the year ended March 31, 2025.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 6 – INTANGIBLE ASSETS

Intangible assets include internally developed Intellectual Property assets as of March 31, 2025. Amortization of the IP Asset is computed over the estimated economic life of the product of 3 years.

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

Amortization expense for the year ended March 31, 2025 is NIL.

NOTE 7 – PREPAID EXPENSES

Prepaid expenses consisted of the following as at March 31, 2025:

Software tools cost	\$	123,995
Dues & Subscription		5,524
Insurance		15,192
Travel expenses		6,596
Software expenses		320
Sales & marketing expenses		16,430
Prepaid Expenses	\$	168,057

NOTE 8 – LOANS & ADVANCES

Loans & Advances consisted of the following as at March 31, 2025:

Advance to Softnautics Inc	\$	397,213
Advance to Vendors		53,351
Loans & Advances	\$	450,564

NOTE 9 – ACCRUED EXPENSES

Accrued expenses consisted of the following at March 31, 2025:

Legal & Professional Fees	\$	14,500
Bonus		125,000
Subcontractor expenses		118,004
Sales commission		31,316
Consulting expenses		5,000
Vacation expense		83,793
Accrued Expenses	\$	377,613

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 10 – 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, 2025:

Finance Lease expense	Amount
Amortization of ROU asset	\$ 40,175
Interest on Lease liability	1,846
Total	\$ 42,021

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
FY26	24,710
Total undiscounted cash flow	24,710
Less: present value discount	333
Total lease liabilities	\$ 24,377

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, 2025. 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. The Company has entered in an agreement with Softnautics Inc. dated April 1, 2024, wherein defined sales contracts have been transferred from Softnautics Inc to the Company. The Company shall pay commission to Softnautics Inc for the same.

Softnautics LLP is a wholly owned subsidiary of Softnautics Inc. Softnautics LLP provides engineering services to the Company.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

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

Moschip Technologies Ltd.	
Accounts payable	\$ 2,767,089
Accounts receivables	1,823,656
Subcontractor expenses	11,254,410
Production SVCS income	1,539,893
Stock compensation cost	\$ 317,851

Softnautics Inc.	
Loans & advances	\$ 397,213
Commission expense	130,104

Softnautics LLP.	
Accounts payable	\$ 945,370
Subcontractor expenses	2,143,548

NOTE 12 – CONTINGENCIES

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.

The Company is not currently involved in any pending legal actions, including arbitrations, class actions, or other litigation related to its operations, except for a lawsuit filed against Acrovirt LLC (hereafter referred to as "Acrovirt") for the recovery of outstanding payments. The client confirmed that the Superior Court of California issued a judgment in favor of the Company against Acrovirt.

During the previous fiscal year, the Company had recognized provisions for bad debts for the amounts receivable from Acrovirt. As of the reporting date, the Company has not yet collected the judgment amount from Acrovirt. 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 on as yet. Therefore no legal reserves are created in the statement of financial condition as of March 31, 2025.

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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Valuation Allowance

At March 31, 2025, the Company had net operating loss carry forwards for federal and state income tax purposes of \$1.02 million and \$3.37 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, 2025, the Company has federal and state net deferred tax assets of \$232K and \$242K, 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 14 – STOCKHOLDER’S EQUITY

The Company had the following stockholder’s equity structure as at March 31, 2025:

	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, 2025.

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.

MOSCHIP TECHNOLOGIES, USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Preferred Stock:

Voting Rights- Each holder of the shares of the 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 the 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 (Company) under Moschip Stock Option Plan 2018. The stock compensation cost of \$317,851 has been recorded for the year ended March 31, 2025.

NOTE 16 – 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 May 2, 2025, 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.



TAX | ACCOUNTING | AUDIT | CONSULTING

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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, 2025, and our report thereon dated May 2, 2025, 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
May 2, 2025

MOSCHIP TECHNOLOGIES, USA
SCHEDULE A: COST OF SERVICES
FOR THE YEAR ENDED MARCH 31, 2025

Subcontractor charges	\$ 13,956,305
Payroll expenses	1,223,436
Production service	1,433,804
Payroll taxes	63,968
	<hr/>
TOTAL COST OF SERVICES	<u><u>\$ 16,677,513</u></u>

MOSCHIP TECHNOLOGIES USA
SCHEDULE B: OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025

Advertising and marketing	25,631
Amortization on leased assets	40,175
Bank charges	3,666
Business licenses and permits	474
Commission	161,420
Consulting fees	281,450
Depreciation	3,105
Dues and subscriptions	12,869
Employee benefits program	2,919
Insurance	186,000
Legal and professional fees	39,720
Meals expense	17,250
Office expenses	16,755
Payroll expenses	652,097
Payroll taxes	45,792
Payroll processing fees	7,464
Recruiting expense	39,709
Stock compensation	317,851
Software expense	13,467
Software tools cost	182,632
Telephone and internet	3,424
Travel	55,402
Licenses and Taxes	1,318
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TOTAL OPERATING EXPENSES	<u><u>\$ 2,110,589</u></u>