

SUBEX AMERICAS INC.
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024
(ALL AMOUNTS ARE STATED IN US DOLLARS)

SUBEX AMERICAS INC.

MARCH 31, 2024

(ALL AMOUNTS ARE STATED IN US DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of:
Subex Americas Inc.

Opinion

We have audited the consolidated financial statements of Subex Americas Inc. (the Company), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of comprehensive income, stockholder's equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that as of March 31, 2024 the Company has accumulated losses of \$124,279,811. These conditions, along with other matters set forth in Note 2, indicate circumstances regarding the Company's ability to continue as a going concern.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

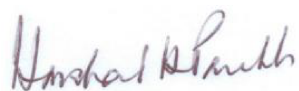
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



KNAV Professional Corporation

KNAV Professional Corporation

Chartered Professional Accountants

Authorized to Practice Public Accounting by the Chartered Professional Accountants of Ontario

Authorized to Practice Public Accounting by the
Chartered Professional Accountants of Ontario

Toronto, Ontario
May 09, 2024

SUBEX AMERICAS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024
(ALL AMOUNTS ARE STATED IN US DOLLARS)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 552,329	\$ 519,283
Accounts receivable	135,333	255,907
Unbilled receivables	<u>32,070</u>	<u>141,547</u>
	<u><u>\$ 719,732</u></u>	<u><u>\$ 916,737</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 123,726	\$ 188,144
Long-term		
Due to related parties (notes 6 and 9)	<u>1,218,649</u>	<u>1,301,881</u>
	<u><u>1,342,375</u></u>	<u><u>1,490,025</u></u>
STOCKHOLDER'S EQUITY		
Share capital		
Authorized: unlimited common shares		
Issued and outstanding: 108 common shares	88,508,424	88,508,424
Additional paid-in-capital	27,912,235	27,912,235
Capital reserve	7,319,222	7,319,222
Other comprehensive loss (cumulative translation adjustment)	(82,713)	(82,713)
Deficit	<u>(124,279,811)</u>	<u>(124,230,456)</u>
	<u><u>(622,643)</u></u>	<u><u>(573,288)</u></u>
	<u><u>\$ 719,732</u></u>	<u><u>\$ 916,737</u></u>

Approved:

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

SUBEX AMERICAS INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2024

(ALL AMOUNTS ARE STATED IN US DOLLARS)

	<u>2024</u>	<u>2023</u>
Revenue	\$ <u>1,435,342</u>	\$ <u>1,228,929</u>
Operating expenses		
Subcontracting charges (note 9)	860,231	796,439
Salaries, wages, and benefits	447,473	334,626
General and administrative	11,008	9,532
Travel and entertainment	16,263	9,775
Professional fees	<u>22,924</u>	<u>32,776</u>
	<u>1,357,899</u>	<u>1,183,148</u>
Income from operations	<u>77,443</u>	<u>45,781</u>
Other expenses		
Interest	7,053	2,650
Taxes	<u>119,745</u>	<u>117,822</u>
	<u>126,798</u>	<u>120,472</u>
Net loss	(49,355)	(74,691)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	\$ <u><u>(49,355)</u></u>	\$ <u><u>(74,691)</u></u>

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

SUBEX AMERICAS INC.

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED MARCH 31, 2024

(ALL AMOUNTS ARE STATED IN US DOLLARS)

	<u>2024</u>	<u>2023</u>
Share capital, beginning of year	\$ <u>88,508,424</u>	\$ <u>88,508,424</u>
Share capital, end of year	\$ <u><u>88,508,424</u></u>	\$ <u><u>88,508,424</u></u>
Additional paid-in-capital, beginning of year	\$ <u>27,912,235</u>	\$ <u>27,912,235</u>
Additional paid-in-capital, end of year	\$ <u><u>27,912,235</u></u>	\$ <u><u>27,912,235</u></u>
Capital reserve, beginning of year	\$ <u>7,319,222</u>	\$ <u>7,319,222</u>
Capital reserve, end of year	\$ <u><u>7,319,222</u></u>	\$ <u><u>7,319,222</u></u>
Other comprehensive loss, beginning of year	\$ <u>(82,713)</u>	\$ <u>(82,713)</u>
Other comprehensive loss, end of year	\$ <u><u>(82,713)</u></u>	\$ <u><u>(82,713)</u></u>
Deficit, beginning of year	\$ (124,230,456)	\$ (124,155,765)
Total comprehensive income (loss)	<u>(49,355)</u>	<u>(74,691)</u>
Deficit, end of year	\$ <u><u>(124,279,811)</u></u>	\$ <u><u>(124,230,456)</u></u>
Total shareholder's deficiency	\$ <u><u>(622,643)</u></u>	\$ <u><u>(573,288)</u></u>

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

SUBEX AMERICAS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
(ALL AMOUNTS ARE STATED IN US DOLLARS)

	<u>2024</u>	<u>2023</u>
Cash flows from (used in) operating activities		
Total comprehensive income (loss) for the year	\$ (49,355)	\$ (74,691)
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	120,574	(82,988)
Decrease (increase) in unbilled receivables	109,477	81,859
Increase (decrease) in accounts payable and accruals	(64,419)	(31,457)
Due to (from) related parties (note 9)	<u>(83,231)</u>	<u>(229,545)</u>
	<u>33,046</u>	<u>(336,822)</u>
Net increase in cash and cash equivalents	33,046	(336,822)
Cash and cash equivalents, beginning of year	<u>519,283</u>	<u>856,105</u>
Cash and cash equivalents, end of year	<u><u>\$ 552,329</u></u>	<u><u>\$ 519,283</u></u>
Supplementary cash flow information		
Interest paid	<u><u>\$ 7,053</u></u>	<u><u>\$ 2,650</u></u>
Income tax paid (note 7)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SUBEX AMERICAS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024
(ALL AMOUNTS ARE STATED IN US DOLLARS)

1. Nature of operations

Subex Americas Inc., formerly Syndesis Limited (the “Company”), is a leading provider of “Data Integrity Management” products which is known as ROC DIM. Data Integrity Management is a discovery and reconciliation tool. ROC DIM is the industry’s first Data Integrity Management solution for improving the quality data that drives key service provider processes, resulting in lower costs and higher service profitability. The Company has positioned solution around this tool in the space of Network Analytics. The Network Analytics include ROC DIM, ROC Asset Assurance and ROC Capacity Management. ROC Asset Assurance uses the basis product of ROC DIM to optimize the investment in Capex. ROC Asset Assurance is a pioneering solution to manage telecommunications assets across all dimensions of the asset life cycle and reduce capex substantially. The Company is a wholly owned subsidiary of Subex Limited (the “Shareholder”) who is publicly traded on the National Stock Exchange of India, the Bombay Stock Exchange. The Company was acquired on April 1, 2007 and changed its name from Syndesis Limited to Subex Americas Inc. at that time. The Company operates and markets its telecommunications software products and related services throughout the world, and as such, operates mainly in North and South America.

2. Going concern and management’s plans

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payments of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. During the year, the Company had revenue of \$1,435,342 (2023 - \$1,228,929) and a net income (loss) of \$(49,355) (2023 - \$(74,691)), an accumulated deficit of \$124,279,811 (2023 - \$124,230,456), and a working capital surplus (deficiency) surplus of \$596,006 (2023 - \$728,593). The Company’s ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain borrowings from third parties and the parent company sufficient to meet current and future obligations and/or restructure the existing debt and payables. The Company has received a written letter of support from the shareholder who maintains the intent and ability to operate the Company as a going concern for the foreseeable future. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations. Management has identified opportunities to improve revenue and will also to look for additional financing other than the continuous support from the parent company.

3. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Basis of preparation

The accompanying consolidated financial statements are prepared in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations, and cash flows. The consolidated financial statements are for the years ended March 31, 2024 and March 31, 2023.

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

SUBEX AMERICAS INC.
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Certain amounts in the previous period consolidated financial statements and notes have been reclassified to conform to the current year's presentation.

Principles of consolidation

The consolidated financial statements are prepared in United States Dollars ("US Dollars") and include the accounts of the Company and its wholly-owned subsidiaries. Upon consolidation, all intercompany accounts and transactions are eliminated.

Cash and cash equivalents

The Company considers all highly liquid investments and deposits with a remaining maturity of ninety days or less on the date of purchase to be cash and cash equivalents. Cash and cash equivalents comprise cash on hand and balance in checking account with bank. Included in cash for the year ended March 31, 2024 is a GIC for \$200,000 (2023 - \$366,325) bearing interest of 5.27% (2023 - 3.2%) per annum maturing July 22, 2024 (2023 - October 25, 2023), a GIC for \$250,000 bearing interest of 5.01% per annum maturing May 23, 2024, and a GIC for \$54,700 bearing interest of 5.22% per annum maturing August 26, 2024 which is being held as security for a letter of guarantee for \$54,667.

Accounts receivable and allowance for doubtful accounts

Accounts receivable consist mainly of receivables from customers who have entered into a contract for services to be provided by the Company. The accounts receivable are recorded at the invoiced or contracted amount and do not bear interest. The Company follows specific identification method for recognizing an allowance for doubtful accounts. Management analyzes the composition of the accounts receivable aging, historical bad debts, current economic trends, and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts. An allowance for doubtful accounts is recognized against the accounts receivable balance for uncollectable amounts due from customers. The Company has recorded an allowance for doubtful accounts of \$9,191 (2023 - \$9,191).

Unbilled receivables and deferred revenue

Under certain customer contracts, the Company invoices progress billings once certain milestones are met. The milestone terms vary by customer and can include upon receipt of the customer purchase order, delivery, installation, and launch. As the systems are delivered, and services are performed, and all of the criteria for revenue recognition are satisfied, the Company recognizes revenue. If the amount of revenue recognized for financial reporting purposes is greater than the amount invoiced, an unbilled receivable is recorded. If the amount invoiced is greater than the amount of revenue recognized for financial reporting purposes, deferred revenue is recorded. Deferred revenue also includes prepayment of extended maintenance and supports contracts.

Revenue recognition

Revenue is recognized when it can be measured and collectability is reasonably assured. The revenue recognition policies for the significant lines of business are as follows:

The Company's core competency is in the application of sophisticated software technology for configuring, controlling, and analyzing communications infrastructure networks for telecommunication providers. The Company recognizes revenue in accordance with the provisions of ASC 985-605, "Software Revenue Recognition".

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The Company's revenues are derived from product elements, comprised primarily of license fees and upgrades and royalties from technology licenses, and service elements, which can include post-contract customer support ("PCS"), consulting, installation and training.

The Company recognizes revenue only when all of the following criteria are met: Persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable. For contracts with multiple elements, the Company allocates revenue to the undelivered elements of a contract based on vendor specific objective evidence ("VSOE") of fair value of those elements.

Product elements are recognized pursuant to a contract, when each element is delivered to the customer and the fee is fixed or determinable and collection of the related receivable is probable. If the fee due from the customer is not fixed or determinable, revenue is recognized as payments become due from the customer. If collectability is not considered probable, revenue is recognized when the fee is collected. Revenue from arrangements with customers who are not the ultimate users (primarily resellers) is recognized when the product is delivered, the fee is fixed or determinable, collection is probable and no significant Company obligations remain.

Service elements include PCS, which is generally paid in advance, is non-refundable, and is recognized suitably over the term of the agreement which is typically twelve months. Revenues from consulting, installation, and training services are recognized when the services are performed.

Product and service elements that have been prepaid but do not yet qualify for recognition as revenue under the Company's revenue recognition policy are reflected as deferred revenue on the Company's consolidated balance sheet.

Deferred income taxes

The Company accounts for income taxes under "Accounting for Income Taxes" under US GAAP. The deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year which those temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are expected more likely to be realized in the future.

Foreign currency transactions

The Company's functional currency is US dollars. Due to the nature of its operations, the Company regularly enters into transactions that are denominated in foreign currencies. All assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates in effect at the balance sheet date. Revenues and expenses are translated using the average exchange rate for the reporting period. The resulting cumulative translation adjustments are presented as a separate component of stockholders' equity as accumulated other comprehensive income. Foreign currency transaction gains or losses are recorded directly in the consolidated statement of comprehensive income. Net foreign currency gain (loss) was \$NIL (2023 - \$NIL).

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

SUBEX AMERICAS INC.
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Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reported periods. The accounting estimates that require management's most significant judgment include the recognition of revenue and the valuation of receivables and accounts payable and accrued liabilities. Actual results could differ materially from these estimates.

Fair value measurements and financial instruments

The Company adopted the accounting standard for applying fair value measurements to certain assets, liabilities, and transactions that are periodically measured at fair value. The adoption did not have a material effect on the Company's financial position, results of operations or cash flows.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided annually on a basis designed to amortize the asset over their useful lives using the following annual rates:

Computer equipment – 3 year straight line

4. Property and equipment

			<u>2024</u>	<u>2023</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$12,118</u>	<u>\$12,118</u>	<u>\$NIL</u>	<u>\$NIL</u>

Depreciation of capital assets for the year was \$NIL (2023 - \$NIL)

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

SUBEX AMERICAS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(ALL AMOUNTS ARE STATED IN US DOLLARS)

5. Accounts payable and accrued liabilities

	<u>2024</u>	<u>2023</u>
Sales tax payable	\$ 2,716	\$ 2,815
Other payables	121,010	185,329
	<u>\$ 123,726</u>	<u>\$ 188,144</u>

6. Due from (to) related parties

The amounts due from (to) related parties Subex Limited and Subex Assurance LLP, have no set repayment terms and do not bear any interest. The related parties have indicated that there will be no demand for repayment within the next fiscal year, so the amount has been classified as long-term.

7. Income taxes

The Company has made no provision for income taxes as the Company has income but also has losses carried forward. Deferred tax assets are to be reduced by a valuation allowance if, based on the weight of available positive and negative evidence, it is more likely that not (a likelihood of greater than 50 percent) that some portion or all of the deferred tax assets will not be realized. Realization of the future tax benefits related to deferred tax assets are dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry forward period. Management has considered these factors in reaching its conclusion that a valuation allowance for financial reporting purposes will be recorded. Management has reached this decision based on the fact that they believe that it is not likely the Company will substantially realize the deferred tax asset because they do not expect to generate sufficient levels of income. The Company has a potential deferred tax asset of \$6,384,688 (2023 - \$6,371,609) based on a tax rate of 26.5%. The significant components of the Company's deferred tax asset are as follows:

The Company has accumulated non-capital loss carry forwards of \$24,093,162 (2023 - \$24,043,807 which are available to offset future taxable income and were incurred as follows (the losses can be carried forward for 20 years from the date incurred):

	<u>2024</u>	<u>2023</u>
2024	\$49,355	\$ -
2023	74,691	74,691
2017	505,693	505,693
2013	1,314,408	1,314,408
2012	108,659	108,659
2010	8,283,193	8,283,193
2009	2,194,392	2 194,392
2008	11,562,771	11,562,771
	<u>\$24,093,162</u>	<u>\$ 24,043,807</u>

The Company adopted new accounting guidance issued by the FASB related to the application of accounting for uncertainty in income taxes. Under this guidance, the Company assesses the likelihood of the financial statement effect of a tax position that should be recognized when it is

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SUBEX AMERICAS INC.
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more likely than not that the position will be sustained upon examination by a taxing authority based on the technical merits of the tax position, circumstances, and information available as of the reporting date. Management has assessed the impact of this guidance as it relates to the Company's operations and there was no impact to the financial statements as a result of implementing this guidance. There are no current tax positions that would result in an asset or liability for taxes being recognized in the United States as any such taxes are the responsibility of the individual members.

	<u>2024</u>	<u>2023</u>
Income before income tax	\$ (49,355)	\$ (74,691)
Tax rate	26.5%	26.5%
Expected income tax expense	(13,079)	(19,793)
Valuation allowance	(13,079)	(19,793)
Actual income tax expense	\$ -	\$ -

8. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, unbilled receivables, prepaid expenses and other current assets, loans payable, accounts payable and accrued liabilities, and due from (to) shareholder.

The fair value of cash and cash equivalents, accounts receivable, unbilled receivables, prepaid expenses and other current assets, loans payable, and accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The fair value of the amount due from (to) shareholder is not practicable to estimate due to the related party nature of the underlying transactions.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from its customers. The Company believes that there is no unusual exposure associated with the collection of its receivables. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

The Company is subject to currency risk through its non-domestic sales. The Company invoices a portion of its foreign currency sales, and as such, changes in the exchange rate affect the operating results of the Company. The Company closely monitors changes in foreign currency and reacts accordingly. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Fluctuations in currency exchange rates could impact the Company's business in the future.

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly with respect to its loans payable and due to shareholder. Refer to note 2 on going concern assessment.

9. Related party transactions

Subex Limited is the shareholder of the Company and also owns the following companies which
The accompanying notes are an integral part of these consolidated financial statements

SUBEX AMERICAS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

(ALL AMOUNTS ARE STATED IN US DOLLARS)

are related parties by virtue of common ownership: Subex Asia Pacific - Singapore, Subex Assurance LLP, Subex Inc., Subex Digital LLP, Subex Bangladesh Pvt Ltd, Subex Middle East FZE, Subex UK Limited and Subex Account Aggregator Services Private Limited. The Company received from (paid to) related parties \$NIL (2023 - \$NIL) for subcontracting revenue, \$NIL (2023 - \$NIL) for sales support and consulting expenses, \$522,404 (2023 - \$401,269) for marketing revenue, and \$NIL (2023 - \$NIL) for the sale of intellectual property comprising a data integrity management business. The Company received (paid) net interest and financing costs of \$NIL (2023 - \$NIL), and wrote off due to related parties of \$NIL (2023 - \$NIL). The aforementioned revenue (expense) transactions during the year were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties as follows: Subcontracting charges are calculated as cost plus 5% for software and related services provided by the shareholder, sales support and consulting expenses are based on an allocated portion of support staff salaries. The Company has to reimburse Subex Assurance LLP \$NIL (2023 - \$NIL) relating to foreign exchange and \$NIL (2023 - \$NIL) relating to receivables and payables.

	<u>2024</u>	<u>2023</u>
Amount due to related parties	\$ 1,218,649	\$ 1,301,881
Subcontracting expenses paid to related parties	\$ 860,231	\$ 796,439
Reimbursement of expenses to related parties	\$ 10,293	\$ -
Foreign reimbursement from related parties	\$ 18,419	\$ -

10. Subsequent events

The Company evaluated all events and transactions that occurred after March 31, 2024 through May 09, 2024, the date the financial statements are issued. Based on the evaluations, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

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