SUBEX INC.

FINANCIAL STATEMENTS

March 31, 2024

RAM ASSOCIATES, CPAS

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SUBEX INC.

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Ram Associates
CERTIFIED PUBLIC ACCOUNTANTS

Aprio Firm Alliance
INDEPENDENTLY OWNED MEMBER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder's of
Subex Inc.

Opinion

We have audited the accompanying financial statements of Subex Inc. (a Delaware Corporation), which comprise the balance sheet as of March 31, 2024, and the related statements of income and comprehensive income, changes in stockholder's deficit, 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 Subex Inc. 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 Subex Inc. 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 Subex Inc'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 Subex Inc'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 Subex Inc'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.

Ram Associates

Ram Associates

Hamilton, NJ

May 8, 2024

SUBEX INC

Balance Sheet

March 31, 2024

ASSETS

Current assets		
Cash and cash equivalents	$	133,820
Accounts receivable (net of provision of $Nil)		326,500
Unbilled receivables		981,748
Other current assets		31,804
Total current assets		1,473,872
Operating lease- right of use asset		41,594
Fixed assets, net		18,891
Security deposit		3,500
Due from affiliates		596,252
TOTAL ASSETS	$	2,134,109

LIABILITIES AND STOCKHOLDER'S DEFICIT

Current liabilities		
Accounts payable and accrued expenses	$	127,462
Other current liabilities		1,108,029
Deferred revenues		311,779
Current portion of operating lease		40,064
Total current liabilities		1,587,334
Long-term liabilities		
Operating lease, net of current portion		3,472
Due to affiliates		909,715
Total long-term liabilities		913,187
Total current and long-term liabilities		2,500,521
Stockholder's deficit		
Common stock, $.01 par value; 1,000 shares authorized, issued and outstanding		10
Accumulated deficit		(411,000)
Accumulated other comprehensive income		44,578
Total stockholder's deficit		(366,412)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	$	2,134,109

-See accompanying notes to the financial statements-

SUBEX INC
Statement of Income and Comprehensive Income
For The Year Ended March 31, 2024

Net revenue	$	7,748,085
Cost of revenue		3,867,495
Gross income		3,880,590
Operating expenses		
General and administrative expenses		3,511,788
Operating income before other income and (expense)		368,802
Depreciation		(52,627)
Net income before income tax		316,175
Income tax		(9,826)
Net income	$	306,349
Other comprehensive income (loss):		
Unrealized foreign currency exchange gain		-
Comprehensive income	$	306,349

-See accompanying notes to the financial statements-

SUBEX INC

Statements of Changes in Stockholder's Deficit

For The Year Ended March 31, 2024

	Common stock								
	Shares		Amount		Accumulated deficit		Accumulated other comprehensive income		Total stockholder's deficit
Balance as on March 31, 2023	1,000	$	10	$	(717,349)	$	44,578	$	(672,761)
Net income					306,349				306,349
Balance as on March 31, 2024	1,000	$	10	$	(411,000)	$	44,578	$	(366,412)

-See accompanying notes to the financial statements-

SUBEX INC

Statements of Cash Flows

For The Year Ended March 31, 2024

Cash flows from operating activities		
Net income	$	306,349
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation		52,627
Amortization of right of use asset		2,718
Changes in assets and liabilities:		
(Increase)/ decrease in:		
Accounts receivable		208,854
Unbilled receivables		(729,529)
Other current assets		47,788
Increase/ (decrease) in:		
Accounts payable and accrued expenses		50,266
Other current liabilities		781,024
Deferred revenues		(571,992)
Net cash provided by operating activities		148,105
Cash flows from investing activities:		
Sale of fixed assets		25
Net cash provided by investing activities		25
Cash flows from financing activities:		
Decrease in due to affiliates		(266,739)
Net cash used in financing activities		(266,739)
Net decrease in cash and cash equivalents		(118,609)
Cash at the beginning of the year		252,429
Cash at the end of the year	$	133,820
Supplementary disclosure of cash flows information		
Cash paid during the year for:		
Interest	$	-
Income taxes		-

1. Organization and Description of Business

Azure Solutions, Inc., a Delaware corporation was incorporated in November 2004. Azure Solutions, Inc. is a 100% subsidiary of Azure Solutions, Ltd., UK. On June 22, 2006, Subex Systems, Ltd., India acquired 100% of Azure Solutions, Ltd., UK.

After the acquisition, Azure Solutions, Inc., Azure Solutions, Ltd., UK and Subex Systems, Ltd., India was renamed as Subex Azure, Inc., Subex Azure UK, Ltd. and Subex Azure, Ltd., respectively. Effective from December 5, 2007, Subex Azure, Inc was renamed Subex, Inc. On November 1, 2017, Subex System Ltd transferred its investments in Subex Inc to Subex Assurance LLP.

Subex, Inc. ('the Company') is in a niche market providing revenue maximization solutions to communications service providers worldwide. These solutions improve the revenue and profits of the communication service providers through identification and elimination of leakages in their revenue chain. The Company conceptualizes and develops software products and is focused on the telecom business segment. The Company's vision is to be a global leader in its chosen area of operation - revenue maximization for communications service providers.

2. Summary of Significant Accounting Policies

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when services are rendered; and expenses reflected when costs are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

Revenue Recognition

The Company recognize revenue in accordance with the Accounting Standard Codification 606 "Revenue Recognition." The Company recognizes revenues as they transfer control of deliverables (products, solutions and services) to its customers in an amount reflecting the consideration to which it expects to be entitled. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

The Company accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company applies judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

For performance obligations where control is transferred over time, revenues are recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the deliverables to be provided.

Revenues related to fixed-price contracts for application development and systems integration services, consulting or other technology services are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized based on the percentage that each contract's total labor cost to date bears to the total expected labor costs. Revenues related to fixed-price application maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If the Company's invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost-to-cost method described above. The cost-to-cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information; such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately.

Revenues related to time-and-materials, transaction-based or volume-based contracts are recognized over the period the services are provided either using an output method such as labor hours, or a method that is otherwise consistent with the way in which value is delivered to the customer.

Accounts Receivables, Contract Assets and Contract Liabilities

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional. The Company presents such receivables in Accounts Receivable at their net estimated realizable value.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price contracts utilizing the cost-to-cost method of revenue recognition.

The Company's contract liabilities or unearned revenue consist of advance payments and billings that are in excess of revenues recognized, are classified as Deferred Revenues.

The beginning and ending contract balances were as follows:

Description	As of March 31, 2024	As of March 31, 2023
Accounts receivable	$ 326,500	$ 535,354
Unbilled receivables	$ 981,748	$ 252,219
Deferred revenue	$ 311,779	$ 883,771

Cash and cash equivalents.

The Company considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents.

Accounts receivable

The Company extends credit to clients based upon the management's assessment of their creditworthiness on an unsecured basis. Total bad debts for the year ended March 31, 2024, were $Nil. Management has determined that no allowance for credit losses is necessary as of March 31, 2024.

Allowance for Credit Losses

The Company calculates expected credit losses for its trade accounts receivable and contract assets. Expected credit losses include losses expected based on known credit issues with specific customers as well as a general expected credit loss allowance based on relevant information, including historical loss rates, current conditions, and reasonable economic forecasts that affect collectability. The Company updates its allowance for credit losses on a quarterly basis with changes in the allowance recognized in income from operations.

Fixed assets

Fixed assets are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 4 to 5 years. The Company charges repairs and maintenance costs that do not extend the lives of the assets, to expenses as incurred.

Advertising Costs

The Company expenses advertising cost as incurred. Advertising expense for the year ended March 31, 2024, was $ Nil.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized based upon differences arising from the carrying amounts of the Company's assets and liabilities for tax and financial reporting purposes using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change in tax is enacted. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, as applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For the year ended March 31, 2024, the Company has not recorded any deferred tax assets or liability due to carried forward loss. Based on available objective evidence, management believes it is more likely than not that the deferred tax assets, if recorded, will not be fully realizable. The Company has elected to provide 100% reserve against deferred tax asset for the year ended March 31, 2024. As of March 31, 2024, the Company had approximately $14,312,645 in carried forward losses.

The Company derives its income from services rendered in foreign jurisdiction. The collections are derived net of the taxes withheld in the foreign jurisdiction governed by the taxation laws of the respective country in which services are rendered. The taxes withheld are treated as an asset to be offset against the future tax liability. The Company has carried forward losses and does not expect to realize sufficient profits to offset the same. The Company has created a provision to offset the taxes withheld.

The Company files income tax returns in the U.S Federal jurisdiction, and various State jurisdictions. The Company is generally subject to U.S Federal, state and local examinations by tax authorities for the past three years.

Fair value of financial instruments

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost, on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

3. Credit and Business Concentration

The Company's financial instruments that are exposed to the concentration of credit risks consist primarily of cash and accounts receivable. The Company maintains its cash in bank accounts, which at times exceed the federally insured limit of $250,000. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk in cash. As of March 31, 2024, the uninsured portion of cash balance was $ Nil.

The concentration of credit risks with respect to accounts receivable is limited because of the creditworthiness of the Company's customers. For the year ended March 31, 2024, sales to five major customers accounted for approximately 81% of total revenue. These same customers accounted for 29% of the accounts receivable balance on March 31, 2024.

4. New Accounting Pronouncements

Financial Instruments - Credit Losses: Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Credit Losses) - The amendment in this ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this update affect an entity to varying degrees depending on the credit quality of the assets held by the entity, their duration, and how the entity applies current GAAP. Accounting Standards Update 2019-10 amends the mandatory effective dates for implementation of accounting for Credit Losses for all entities as follows:

Public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early application continues to be allowed. Adoption of this standard did not have any material impact on the financial statements of the Company.

5. Fixed assets

Fixed assets as on March 31, 2024, consists of the following:

Fixed assets	Amount
Computer hardware	$ 837,412
Computer software	233,397
Office equipment	10,176
Furniture and fixtures	14,397
Total fixed assets	1,095,382
Less: Accumulated depreciation	(1,076,491)
Fixed assets, net	**$ 18,891**

Depreciation expenses for the year ended March 31, 2024, were $ 52,627.

6. Employee Benefit Plan

Effective October 1, 2004, the Company sponsored an employee savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all full-time employees who are twenty-one years of age or older. All qualifying employee contributions are 100% vested. All employer matching contributions are vested as per the vesting schedule. The Company's matching contribution was $ 40,393 for the year ended March 31, 2024.

7. Legal Matters

Currently, the Company is not involved in any action, arbitration and/or other legal proceedings that it expects to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Company. All legal costs are expensed as incurred.

8. Related Party Transactions

Due to affiliates

During the year ended March 31, 2024, the Company owed to its parent company and related companies a total of $ 909,715 which consisted of the following:

Inter Company Payables – Services	$ 944,052
Inter Company Payables - Others	1,208
Inter Company Payable - Finance	(35,630)
Unrealized Foreign Exchange	85
Total	$ 909,715

Due from affiliates

During the year ended March 31, 2024, the Company had receivable balance of $596,252 due from its parent and related companies on account of marketing and allied services provided.

Inter Company Receivables - Services	$ 517,091
Inter Company Receivables - Others	15,684

Inter Company Receivables - Unbilled Revenue	62,931
Inter Company Unrealized Forex Loss	546
Total	$ 596,252

Services procured from and expenses reimbursed to related companies.

During the year ended March 31, 2024, the Company provided services of $4,610,309 to its parent company and related companies.

During the same period the Company received services of $3,051,420 from its parent company and related companies.

9. Other Current Liabilities

Other current liabilities consist as follows:

Other current liabilities	Amount
Income tax payable	$ 12,171
Accruals	189,285
Variable and performance bonus- payable	402,808
401K payable	4,751
Provision for UBR	499,014
Total other current liabilities	**$ 1,108,029**

10. Commitments and Contingencies

Operating Lease

The Company had entered a new lease for the office facility in Westminster, CO, commencing from April 01, 2022, through April 30, 2025.

The Company determines if an arrangement contains a lease at inception. Right of use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The lease agreements often include leasehold improvement incentives, escalating lease payments, renewal provisions and other provisions which require the Company to pay taxes, insurance, maintenance costs, or defined lease increases. Lease expense is recorded over the lease terms on a straight-line basis.

The Company utilized a portfolio approach in determining the discount rate. The portfolio approach takes into consideration the range of the term, the range of the lease payments, the category of the underlying asset and the Company's estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. The Company also considered its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

The lease terms include options to extend the leases when it is reasonably certain that the Company will exercise that option. These operating leases contain renewal options for periods ranging from one to five years that expire on April 30, 2025, with no residual value guarantees. Future obligations relating to the exercise of renewal options are included in the measurement if, based on the judgment of management, the renewal option is reasonably certain to be exercised. Factors in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of leasehold improvements, the value of the renewal rate compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option is not exercised.

The Company applies the recognition requirements in the leases standard ASC 842 to all leases other than short term leases that at commencement date had lease term of 12 months or less.

The Company recognizes variable lease payments in the period in which the obligation for those payments is incurred. The security deposit paid on account of the lease as of year ended March 31, 2024, is $3,500.

Supplemental balance sheet information related to leases was as follows as of March 31, 2024:

Operating lease ROU assets	$ 41,594
Operating lease liabilities:	
Current portion	$ 40,064
Long-term portion	3,472
Total operating lease	$ 43,536

Lease expenses for the year ended March 31, 2024, amounted to $43,671 which is classified under general and administrative expenses.

Supplemental cash flow and other information related to leases was as follows as of March 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 40,858
ROU assets obtained in exchange for lease liabilities	$ 77,193
Weighted average remaining lease term (in years)	1.08
Weighted average discount rate:	7%

Total future minimum payments required under the lease obligations are as follows:

2024-2025	$ 41,602
2025-2026	3,472
Total lease payments	**$ 45,074**
Less: amount representing interest	(1,538)
Total lease obligation	**$ 43,536**

11. Subsequent Events

For the year ended March 31, 2024, the Company has evaluated subsequent events for potential recognition and disclosure through May 08, 2024, the date the financial statements were available for issuance. No reportable subsequent events have occurred through May 08, 2024, which would have a significant effect on the financial statements as of March 31, 2024, except as otherwise disclosed.