MFXCHANGE HOLDINGS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended March 31, 2025 and 2024

Williams Overman Pierce, LLP
CPAs • Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MFXchange Holdings, Inc. and Subsidiary

Adverse Opinion

We have audited the accompanying consolidated financial statements of MFXchange Holdings, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the consolidated financial statements referred to in the first paragraph do not present fairly the consolidated financial position of MFXchange Holdings, Inc. and Subsidiary as of March 31, 2025 and 2024, or the results of its operations or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion

As more fully described in Note 1 to the consolidated financial statements, the Company has not consolidated its subsidiary, Brainhunter Systems Ltd. In our opinion, accounting principles generally accepted in the United States of America require such investment to be consolidated in these consolidated financial statements. The investment in Brainhunter Systems Ltd. is accounted for on a cost basis. Had Brainhunter Systems Ltd. been consolidated, many elements in the accompanying consolidated financial statements would have been materially affected. The effects on the consolidated financial statements of the failure to consolidate have not been determined.

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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 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 consolidated 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 consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 audits.

Williams Overman Pierce, LLP

Raleigh, North Carolina
May 22, 2025

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 736,619	$ 486,552
Accounts receivable	4,217,068	4,214,646
Contract assets	1,378,531	1,245,722
Prepaid expenses	739,843	776,287
Loan receivable related party, current portion	4,011,040	4,014,247
Total current assets	11,083,101	10,737,454
Property and equipment, net	816,675	1,740,977
Software in development	-	307,104
Right-of-use assets, net	55,600	111,201
Software costs, net	2,300,847	488,223
Investment in unconsolidated subsidiary	2,690,101	2,690,101
Deferred tax assets	442,000	442,000
Other investments	250,000	250,000
Total assets	$ 17,638,324	$ 16,767,060
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 5,477,206	$ 4,045,949
Accrued expenses	2,229,977	2,225,682
Contract liabilities	45,839	-
Other liabilities	-	73,458
Finance lease, current portion	233,480	184,196
Operating lease liability, current portion	61,102	55,474
Term loan facility, current portion	4,546,274	4,654,156
Total current liabilities	12,593,878	11,238,915
Operating lease liability, long-term portion	-	61,102
Finance lease, long-term portion	233,477	-
Total liabilities	12,827,355	11,300,017
Commitments and Contingencies (See Note 11)		
Equity:		
Class A redeemable preferred stock, unlimited shares authorized, 1 share issued and outstanding as of March 31, 2025 and 2024	7,123	7,123
Class B redeemable preferred stock, unlimited shares authorized, 1 share issued and outstanding as of March 31, 2025 and 2024	2,690,101	2,690,101
Redeemable noncontrolling interest	3,551,412	3,551,412
Stockholders' deficit:		
Common stock, unlimited authorized, 1,211 issued and outstanding, par value $2,101	2,544,492	2,544,492
Additional paid-in capital	37,019,210	37,019,210
Accumulated deficit	(41,001,369)	(40,345,295)
Total stockholders' deficit	(1,437,667)	(781,593)
Total liabilities and stockholders' deficit	$ 17,638,324	$ 16,767,060

See accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC. CONSOLIDATED
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
Revenue, net	$ 28,500,208	$ 29,596,481
Operating expenses:		
Salaries and related benefits	9,251,761	9,588,225
Outside services	11,705,364	10,277,963
Hardware and software costs	4,531,834	4,994,467
Depreciation and amortization	2,311,961	1,994,193
General and administrative	1,298,308	1,361,308
Facility costs	83,931	93,583
Total operating expenses	29,183,159	28,309,739
(Loss) income from operations	(682,951)	1,286,742
Other expense:		
Financing expenses, net	(73,243)	(188,623)
(Loss) income before (benefit from) provision for income taxes	(756,194)	1,098,119
Benefit from (provision for) income taxes	100,120	(147,175)
Net (loss) income	$ (656,074)	$ 950,944

See accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

	Common Stock		Additional	Accumulated	
	Shares	Amount	Paid-in Capital	Deficit	Total
Balance as of April 1, 2023	1,211	$ 2,544,492	$ 37,019,210	$ (41,296,239)	$ (1,732,537)
Net income	-	-	-	950,944	950,944
Balance as of March 31, 2024	1,211	2,544,492	37,019,210	(40,345,295)	(781,593)
Net loss	-	-	-	(656,074)	(656,074)
Balance as of March 31, 2025	1,211	$ 2,544,492	$ 37,019,210	$ (41,001,369)	$ (1,437,667)

See accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (656,074)	$ 950,944
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	2,311,961	1,994,193
Non-cash operating lease expense	16,446	5,375
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,422)	(1,453,801)
Contract assets	(132,809)	(275,114)
Prepaid expenses	36,444	52,132
Deferred tax assets	-	-
Increase (decrease) in:		
Accounts payable	1,431,257	1,567,170
Accrued expenses	4,295	(1,601,222)
Contract liabilities	45,839	(427,415)
Other liabilities	(73,458)	73,458
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,981,479	885,720
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds from loans to related party	3,207	301,136
Purchase of software	(2,096,110)	-
Purchase of property and equipment	(346,431)	(311,181)
NET CASH USED IN INVESTING ACTIVITIES	(2,439,334)	(10,045)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of term loan	(1,206,792)	(1,655,990)
Net proceeds from working capital loan	1,098,910	-
Principal payments on notes payable and capital lease obligations	(184,196)	(832,577)
NET CASH USED IN FINANCING ACTIVITIES	(292,078)	(2,488,567)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	250,067	(1,612,892)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	486,552	2,099,444
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 736,619	$ 486,552
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 126,148	$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:		
Operating right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 166,803
Finance right-of-use asset obtained in exchange for finance lease liabilities	$ 700,435	$ 226,160

See accompanying notes to the consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Organization

MFXchange Holdings, Inc., (the “Company”) a Canadian corporation, was incorporated on December 17, 2001. The Company, together with its subsidiary MFXchange US, Inc., provides customized datacenter and infrastructure services including private cloud offerings, across various industries. In addition, the Company provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry. On January 24, 2019, the Company acquired 100% of the equity interest in Brainhunter Companies LLC (“Brainhunter”), from a related party. Brainhunter was organized on December 19, 2012 in the United States, and provides primarily staffing and consulting services in the information technology and engineering sectors.

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

Basis of Presentation

The consolidated financial statements include the Company and its wholly-owned subsidiaries, and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the periods presented. All inter-company balances and transactions have been eliminated in consolidation.

Liquidity and Management’s Plans

As shown in the accompanying consolidated financial statements, the Company had a net operating loss, a working capital deficit and significant accumulated deficits for the year ended March 31, 2025. The parent company plans to provide continuous financial support to ensure the Company can fulfill their obligations for at least 12 months from the date of which the consolidated financials are available for issuance.

Investment in Unconsolidated Subsidiary

On April 1, 2019, the Company acquired an eighty-one percent (81%) interest in Brainhunter Systems Ltd. from Quess Corp (USA), a related party, for one share of Class B redeemable preferred stock. On the date of acquisition, the investment was valued at $2,690,101. As of March 31, 2025 and 2024, the carrying value of this investment was $2,690,101.

Accounting principles generally accepted in the United States ("U.S. GAAP") require that majority-owned subsidiaries should be consolidated in the financial statements. The Company has not consolidated Brainhunter Systems Ltd. and its subsidiaries. The investment in Brainhunter Systems Ltd. is accounted for on a cost basis. Had Brainhunter Systems Ltd. been consolidated, many elements in the accompanying consolidated financial statements would have been materially affected. The effects on the consolidated financial statements of the failure to consolidate have not been determined.

MFXCHANGE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include revenue recognition, the useful lives of property and equipment, contract assets (unbilled revenue), allowance for credit losses, valuation allowance for deferred tax assets, capitalized software, investments, long-lived assets, contract liabilities (deferred revenue), fair value of right-of-use assets, and commitments and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue Recognition* ("Topic 606"). A five-step analysis must be met as outlined in Topic 606 before revenue can be recognized: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations, and (5) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

The Company derives a significant amount of its revenues from recurring revenue streams, consisting primarily of (1) co-location, which includes the licensing of cabinet space and power; (2) interconnection offerings; (3) managed infrastructure services and (4) application management services. The remainder of the Company's revenues are from non-recurring revenue streams which primarily consist of professional services.

The Company's customers generally execute contracts with terms of one year or longer, which are referred to as recurring revenue contracts or long-term contracts. These contracts generally commit the customer to a minimum monthly level of usage with additional charges applicable for actual usage above the monthly minimum commitment. The Company defines usage as customer data sent or received using its content delivery service, or content that is hosted or cached by the Company at the request or direction of its customer. The Company recognizes the monthly minimum as revenue each month provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable, and collection is reasonably assured. Should a customer's usage of the Company's services exceed the monthly minimum commitment, the Company recognizes revenue for such excess in the period of the usage. For annual or other non-monthly period revenue commitments, the Company recognizes revenue monthly based upon the customer's actual usage each month of the commitment period and only recognizes any remaining committed amount for the applicable period in the last month thereof.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with the accounting standard related to reporting revenue gross as a principal versus net as an agent, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for recognizing bandwidth and equipment services as gross revenue, the Company records the revenue on a net basis.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended March 31, 2025 and 2024.

Contract liabilities (deferred revenue) consist of payments received in advance of revenue recognition and are recognized as the revenue recognition criteria are met. Amounts are recorded as contract liabilities, and accounts receivable when the Company has a legal right to enforce the contract.

Cost of Revenue

Cost of revenues consists primarily of outside services and hardware costs related to fees paid to network providers for bandwidth and backbone, costs incurred for non-settlement free peering and connection to internet service provider networks and fees paid to data center operators for housing network equipment in third-party network data centers, also known as co-location costs. Cost of revenues also includes leased warehouse space and utilities, depreciation of network equipment used to deliver the Company’s content delivery services, payroll and related costs, and share-based compensation for its network operations, and professional services personnel.

The Company enters into contracts for bandwidth with third-party network providers. These contracts generally commit the Company to pay minimum monthly fees plus additional fees for bandwidth usage above contracted minimums. A portion of the global computing platform traffic delivery is completed through direct connection to internet service provider networks, called peering.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, and accounts receivable. The Company maintains its cash and cash equivalents with high quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts are in excess of amounts that are insured by the Federal Deposit Insurance Corporation (“FDIC”). The Company had $573,244 and $334,941 of uninsured cash as of March 31, 2025 and 2024, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

The Company performs ongoing credit evaluations of its customers. Accounts receivable are recorded at invoiced amounts, net of the Company's estimated allowances for credit losses. The allowance for estimated credit losses is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, industry data, credit quality, age of accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific purchaser's ability to meet their financial obligations, the Company records a specific allowance against amounts due from the customer and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. There is judgment involved with estimating the Company's allowance for estimated credit losses and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes off accounts receivable against the allowance when it determined a balance is uncollectible and no longer actively pursues collection of the receivable. The Company's accounts receivables are not collateralized by any security. Based upon review of the outstanding accounts receivable, the Company has not recorded any reserve for allowance for credit losses as of March 31, 2025 and 2024 as it is considered immaterial.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Computer hardware	3 - 7 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	Shorter of lease term or estimated useful life

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, accounts receivable, contract assets, prepaid expenses, other assets, accounts payable, accrued expenses, and contract liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's capital leases and other debt obligations are based on management estimates and reasonably approximates their book value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Software Costs

In accordance with ASC 985-20, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*, the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in our product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Capitalized development and software purchased costs are amortized on a straight-line basis over the estimated economic lives of the products, beginning when the product is placed into service. The estimated useful life of software is three years. The Company periodically evaluates whether events or circumstances have occurred that indicate that the remaining useful lives of the capitalized software development costs should be revised or that the remaining balance of such assets may not be recoverable.

Investments

The Company holds an investment in a privately held company which has no readily determinable fair value. Since the Company does not have significant influence, the investment is accounted for using the cost method. The Company assesses its long-term investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. As of March 31, 2025 and 2024, the carrying value of this investment was $250,000 and included in other investments in the accompanying consolidated balance sheet. There were no impairments recorded during the years ended March 31, 2025 and 2024.

Foreign Currency Translation

The Company translates the foreign currency financial statements of its foreign subsidiaries in accordance with the requirements of FASB ASC 830-10, *Foreign Currency Translation.* Assets and liabilities are translated at current exchange rates, and related revenue and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' deficit, where applicable. Foreign currency transaction gains and losses are included in the accompanying consolidated statements of operations and were not material for the years ended March 31, 2025 and 2024.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company follows FASB ASC Subtopic 740-10, *Income Taxes* ("ASC 740-10") for recording a provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

As of March 31, 2025 and 2024, the Company does not believe that it has taken any positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Company believes that its tax positions comply with applicable tax rates and that the Company has adequately provided for tax matters for the years ended March 31, 2025 and 2024.

The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax years prior to the year ended March 31, 2022.

NOTE 2 – SOFTWARE COSTS

Capitalized software costs primarily include third-party software. As of March 31, 2025 and 2024, the carrying value of software costs was $2,300,847 and $488,223, respectively. During the years ended March 31, 2025 and 2024, the Company recorded amortization expense related to software assets totaling $590,590 and $419,970, respectively.

NOTE 3- ACCOUNTS RECEIVABLE, CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract balances are included in the accompanying balance sheets under the following captions at:

	March 31, 2025	March 31, 2024	April 1, 2023
Accounts receivable	$ 4,217,068	$ 4,214,646	$ 2,760,845
Contract assets	$ 1,378,531	$ 1,245,722	$ 970,608
Contract liabilities	$ 45,839	$ -	$ 427,415

NOTE 4 – PROPERTY AND EQUIPMENT

As of March 31, 2025 and 2024, property and equipment consisted of the following:

	2025	2024
Computer hardware	$ 15,708,399	$ 14,911,329
Leasehold improvements	2,752,340	2,752,340
Furniture and fixtures	378,220	378,220
Total cost	18,838,959	18,041,889
Less: accumulated depreciation	(18,022,284)	(16,300,912)
Property and equipment, net	$ 816,675	$ 1,740,977

Depreciation expense was $1,721,371 and $1,574,223 for the years ended March 31, 2025 and 2024, respectively.

NOTE 5 – RIGHT-OF-USE ASSETS AND LEASE LIABILITY

The Company leases certain of its properties under leases that expire on various dates through March 2026.

In adopting ASC Topic 842, *Leases* (“Topic 842”), the Company has elected the ‘package of practical expedients’, which permit it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter is not applicable to the Company. In addition, the Company elected not to apply Topic 842 to arrangements with lease terms of 12 months or less. In determining the length of the lease term to its long-term lease, the Company determined not to consider embedded renewal options of 5 years and two consecutive periods of 5 years each in the Ridgefield Park, New Jersey and Bridgewater, New Jersey leases primarily due to i) the renewal rate is at future market rate to be determined and ii) the Company does not have significant leasehold improvements that would restrict its ability to consider relocation.

At lease commencement dates, the Company estimated the lease liability and the right-of-use assets at present value using the Company’s estimated incremental borrowing rate to determine their initial present values at inception.

NOTE 5 – RIGHT-OF-USE ASSETS AND LEASE LIABILITY (continued)

	2025	2024
Office leases	$ 166,801	$ 166,801
Right-of-use assets	166,801	166,801
Less: accumulated amortization	(111,201)	(55,600)
Right-of-use assets, net- noncurrent assets	$ 55,600	$ 111,201

	2025	2024
Operating lease obligation	$ 61,102	$ 116,576
Less: current portion of operating lease-current liability	(61,102)	(55,474)
Long-term portion- noncurrent liability	$ -	$ 61,102

Other supplemental information related to operating leases includes the following as of March 31:

	2025	2024
Weighted-Average Remaining Contractual Lease Term:		
Operating Leases	.4	1.5
Weighted-Average Discount Rate:		
Operating Leases	4%	4%
Operating cash outflows from operating leases	$ 46,408	$ 15,078
Operating leases assets obtained in exchange for lease obligations	$ -	$ 166,803

During the years ended March 31, 2025 and 2024, the Company recorded $78,323 and $77,159, respectively, as lease expense in facility costs on the accompanying consolidated statements of operations.

Lease expense consisted of the following as of March 31:

	2025	2024
Building lease expense	$ 78,323	$ 77,159
Total lease expense	$ 78,323	$ 77,159

NOTE 5 – RIGHT-OF-USE ASSETS AND LEASE LIABILITY (continued)

The maturity for the remaining term of the lease is as follows:

	2025
2026	63,443
Less: interest	(2,341)
Present value of minimum lease payments	61,102
Less: Current portion	(61,102)
Long-term portion	$ -

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consisted of the following as of March 31:

	2025	2024
Salaries and benefits	$ 583,257	$ 710,136
Other accrued expenses	1,646,720	1,515,546
Total	$ 2,229,977	$ 2,225,682

NOTE 7 – TERM LOAN AND WORKING CAPITAL FACILITY

On November 22, 2019, the Company entered into a Term Loan (“Term Loan”) and Working Capital Facility (“Facility”) with ICICI Bank Canada. The Term Loan contains a maximum borrowing limit of 7,500,000 Canadian Dollars ("CND") and the Facility has a maximum borrowing limit of 12,500,000 CND, both maturing on November 30, 2024. Borrowings under the Term Loan are to be repaid quarterly starting at 2.5% to 6.25% over the term of the loan. Borrowings under the working capital facility are due on the maturity date. Interest is charged at a percentage per annum that is an aggregate of the Canadian Dollar Offered Rate ("CDOR") and CDOR plus 2.5%. As of March 31, 2025 and 2024, the balance outstanding under the Term Loan was $0 (0 CND) and $1,039,920 (1,415,669 CND), respectively and the balance outstanding under the Working Capital facility was $4,546,274 (6,512,637 CND) and $3,614,236 (4,920,151 CND), respectively. The Company advanced the proceeds received to Brainhunter Systems Ltd, a related party. At March 31, 2025 and 2024, the Company had loans receivable related to these advances from Brainhunter Systems Ltd. of $4,011,040 (5,745,902 CND) and $3,892,744. The Agreement contains certain customary events of default including a subjective acceleration clause if a “material adverse effect” occurs in the Company’s business that could result in an event of default. The Company believes that the likelihood of the lender exercising this right is remote.

NOTE 7 – TERM LOAN AND WORKING CAPITAL FACILITY (continued)

The future payments for the term loan and working capital facility as of March 31:

	2025
2026	$ 4,546,274

NOTE 8 – FINANCE LEASE OBLIGATIONS

The Company has entered into several agreements to lease certain computer hardware and software that are classified as finance leases. As of March 31, 2025 and 2024, finance leases consisted of the following:

	2025	2024
Finance lease obligation	$ 466,957	$ 184,196
Less: current portion of finance lease- current liability	(233,480)	(184,196)
Long-term portion of finance lease- noncurrent liability	$ 233,477	$ -

Other supplemental information related to finance leases includes the following as of and for the years ended March 31:

	2025	2024
Weighted-Average Remaining Contractual Lease Term:		
Finance Leases	2.00	0.75
Weighted-Average Discount Rate:		
Finance leases	4.07%	8.00%

The right-of-use asset related to finance leases of $466,957 and $184,196 for the years ended March 31, 2025 and 2024 are included in property and equipment, net on the accompanying consolidated financial statements.

During the years ended March 31, 2025 and 2024, the Company recorded $583,045 and $826,060, respectively, in general and administrative expenses on the accompanying consolidated statements of operations for lease payments. The Company paid $233,478 and $537,047 in cash for finance leases included in the measurement of lease liabilities as of March 31, 2025 and 2024, respectively.

NOTE 9 – STOCKHOLDERS' DEFICIT

Common Stock

The Company has an unlimited number of authorized common shares. As of March 31, 2025, the Company has 1,211 shares of common stock issued and outstanding.

Class A Redeemable Preferred Stock

On January 24, 2019, the Company filed a Certificate of Amendment which authorizes the issuance of an unlimited number of shares of Class A redeemable preferred stock. The Class A preferred stock shall be entitled to receive non-cumulative annual dividends at the discretion of the directors and the shares do not have voting rights. The Company may redeem the Class A preferred stock upon giving ten (10) days written notice. The holder of the Class A preferred stock shall be entitled to require the Company to redeem at any time the whole or part of such holder's Class A preferred shares. Upon redemption, the Company shall pay to the holders of the Class A preferred stock to be redeemed, in respect of each share to be redeemed, an amount equal to the sum of (i) all dividends declared thereon and unpaid and (ii) the Class A preferred stock redemption amount defined as the amount equal to the aggregate net fair market value of the consideration received by the Company on the issuance of all Class A preferred shares, divided by the number of all such shares issued as consideration therefore, provided that if, after the date on which the Class A preferred stock was issued, the Company pays to the holder of the Class A preferred stock a return of capital (otherwise than on redemption of such shares), the Class A preferred stock redemption amount of each Class A preferred share shall thereafter be reduced by the amount resulting from dividing the amount so paid to the holder as a return of capital, by the number of Class A preferred shares issued and outstanding on the date of such return of capital.

On January 24, 2019, the Company issued 1 share of Class A redeemable preferred stock upon the acquisition of Brainhunter.

Class B Redeemable Preferred Stock

On March 20, 2019, the Company amended its Articles to authorize the issuance of an unlimited number of shares of Class B redeemable preferred stock. The Class B preferred stock shall be entitled to receive non-cumulative annual dividends at the discretion of the directors. The holders of the Class B preferred stock have voting rights. The Company may redeem the Class B preferred stock upon giving ten (10) days written notice. The holder of the Class B preferred stock shall be entitled to require the Company to redeem at any time the whole or part of such holder's Class B preferred shares. Upon redemption, the Company shall pay to the holders of the Class B preferred stock to be redeemed, in respect of each share to be redeemed, an amount equal to the sum of (i) all dividends declared thereon and unpaid and (ii) the Class B preferred stock redemption amount defined as the amount equal to the aggregate net fair market value of the consideration received by the Company on the issuance of all Class B preferred shares, divided by the number of all such shares issued as consideration therefore, provided that if, after the date on which the Class B preferred stock was issued, the Company pays to the holder of the Class B preferred stock a return of capital (otherwise than on a redemption of such shares), the Class B preferred stock redemption amount of each Class B preferred share shall thereafter be reduced by the amount resulting from dividing the amount so paid to the holder as a return of capital, by the number of Class B preferred shares issued and outstanding on the date of such return of capital.

NOTE 9 – STOCKHOLDERS' DEFICIT (continued)

On April 1, 2019, the Company issued 1 share of Class B redeemable preferred stock upon the acquisition of Brainhunter Systems Ltd.

Class C Redeemable Preferred Stock

On March 20, 2019, the Company amended its Articles to authorize the issuance of an unlimited number of shares of Class C redeemable preferred stock. The Class C preferred stock shall be entitled to receive non-cumulative annual dividends at the discretion of the directors and the shares do not have voting rights. The Company may redeem the Class C preferred stock upon giving ten (10) days written notice. The holder of the Class C preferred stock shall be entitled to require the Company to redeem at any time the whole or part of such holder's Class C preferred shares. Upon redemption, the Company shall pay to the holders of the Class C preferred stock to be redeemed, in respect of each share to be redeemed, an amount equal to the sum of (i) all dividends declared thereon and unpaid and (ii) the Class C preferred stock redemption amount defined as the amount equal to the aggregate net fair market value of the consideration received by the Company on the issuance of all Class C preferred shares, divided by the number of all such shares issued as consideration therefore, provided that if, after the date on which the Class C preferred stock was issued, the Company pays to the holder of the Class C preferred stock a return of capital (otherwise than on a redemption of such shares), the Class C preferred stock redemption amount of each Class C preferred share shall thereafter be reduced by the amount resulting from dividing the amount so paid to the holder as a return of capital, by the number of Class C preferred shares issued and outstanding on the date of such return of capital.

As of March 31, 2025 and 2024, there were no shares of Class C redeemable preferred stock issued and outstanding.

Liquidation Rights

If the Company is liquidated, dissolved or wound-up or its assets are otherwise distributed among the stockholders by way of repayment of capital, whether voluntary or involuntary (a) the holders of the Class A, Class B, and Class C preferred stock shall be entitled to receive all declared and unpaid dividends, and the redemption amount applicable to each Class of preferred stock prior to any distribution of assets of the Company among the common stockholders, (b) the holders of the Class A, Class B, and Class C preferred stock shall not be entitled to share any further in the distribution of the assets of the Company, (c) if there are insufficient assets to satisfy (a) then (i) the holders of the Class A preferred stock shall receive their entitlement prior to the holders of the Class B and Class C preferred stock, (ii) the holders of the Class B preferred stock shall receive their entitlement prior to the holders of the Class C preferred stock, and (iii) the holders of the Class C preferred stock receive their entitlement, and (d) hereafter the common stockholders shall be entitled to receive any remaining assets of the Company.

NOTE 10 – OTHER RELATED PARTY TRANSACTIONS

Accounts Payable

The Company uses a related party vendor, MFX Infotech Private Limited, to provide infrastructure and database technology services. As of March 31, 2025 and 2024, accounts payable and accrued

NOTE 10 – OTHER RELATED PARTY TRANSACTIONS (continued)

expenses of $3,234,882 and $2,622,903 and $300,475 and $241,533, respectively, were the total outstanding amounts payable to MFX Infotech Private Limited.

Loan Receivable Related Party

The Company has a loan receivable of $4,011,040 and $3,892,747 as of March 31, 2025 and 2024, respectively, from Brainhunter Systems, Ltd. for the advance of proceeds received from the Term Loan & Working Capital Facility (see Note 7).

As of March 31, 2025 and 2024, the Company also had related party balances as follows:

	2025	2024
Loan and advance to Brainhunter System Ltd.	$ 4,011,040	$ 3,892,747
Advance receivable from Heptagon	-	121,500
Accounts receivable from Quess NA	-	24,371
Accounts receivable from Quess Qtek	26,529	
Accounts receivable/(payable) from Brainhunter System	45,090	(16,192)
Advance receivable/ (payable) to/from Allsec Technolgoies, Ltd.	231,251	(8,761)
Accounts payable to Alldigi	(522,774)	-
Accounts receivable/(payable) from Quess Corp (USA)	40,806	(40,498)
Accounts payable from Quess Corp Limited	(76,788)	-
Accounts payable from Brainhunter System Ltd.	-	(73,458)
Due from related parties, net	$ 3,755,154	$ 3,899,709

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Redeemable Noncontrolling Interest

On March 27, 2020, MFXchange US, Inc. (“MFXUS”), a subsidiary of the Company, entered into a debt conversion agreement with Brainhunter Systems, Ltd. (“Holder”) to convert $3,551,412 in amounts owed into 100 shares of Series B Preferred Stock of MFXUS. The Series B Preferred Stock is redeemable by the MFXUS or the Holder for $3,551,412 along with any dividends declared. The Series B is not entitled to any mandatory dividends and is not convertible into MFXUS common stock or any other security. The Company has 81% ownership in the Holder (see Note 1).

Concentrations

The Company had four customers that accounted for approximately 40% of the Company’s revenues for the year ended March 31, 2025 and 55% of the Company’s total accounts receivable as of March 31, 2025. The Company had three customers that accounted for approximately 36% of the Company’s revenues for the year ended March 31, 2024 and total accounts receivable for the year ended March 31, 2024.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

The Company utilized three major suppliers for outside services totaling approximately 60% and 43% of the Company's total expenditures for outside services for the years ended March 31, 2025 and 2024, respectively. The Company's major suppliers noted above accounted for approximately 64% and 59% of total accounts payable and accrued expenses as of March 31, 2025 and 2024, respectively.

NOTE 12 – INCOME TAXES

As of March 31, 2025 and 2024, the tax effects of temporary differences and carryforwards that gave rise to significant portions of deferred tax assets were as follows:

	2025	2024
Net operating loss carry forwards	$ 3,409,000	$ 3,328,000
Accrual and reserves	3,314,000	3,772,000
Total assets	6,723,000	7,100,000
Less: valuation allowance	(6,281,000)	(6,658,000)
Net deferred tax assets	$ 442,000	$ 442,000

MFXchange US, Inc. had federal net operating loss carryforwards ("NOL's") of approximately $16.2 million and $12.8 million as of March 31, 2025 and 2024, respectively, that will be available to reduce future taxable income, if any. At March 31, 2025, MFXchange Holdings, Inc. had Canadian NOL's of $0 and capital loss allowance deductions of approximately $10.2 million available to reduce future taxable income, if any. The Company performs an analysis each year to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. The Company's recent operating results and projections of future income weighed heavily in the Company's overall assessment. A net tax benefit of $442,000 has been reported in the balance sheets on the accompanying consolidated financial statements at March 31, 2025 and 2024.

Pursuant to the Internal Revenue Code Section 382 ("Section 382"), certain ownership changes may subject the net operating loss carryforwards ("carryforwards") to annual limitations which could reduce or defer the tax benefits recorded as of March 31, 2025 and 2024. Section 382 imposes limitations on a corporation's ability to utilize carryforwards if it experiences an ownership change. An ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event of an ownership change, utilization of the carryforwards would be subject to an annual limitation under Section 382 determined by multiplying the value of its stock at the time of the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may be carried over to later years. The imposition of this limitation on its ability to use the carryforwards to offset future taxable income could cause the Company to pay U.S. federal income taxes earlier than if such limitation were not in effect and could cause such carryforwards to expire unused, reducing or eliminating the benefit of such carryforwards. The Company has not completed a Section 382 study on the net operating loss carryforwards of Brainhunter Ltd. as of January 24, 2019, the date of acquisition, and has not included the net operating losses in the calculation of deferred tax assets as they would be offset by a full valuation allowance.

NOTE 12 – INCOME TAXES (continued)

The Company's income tax provision for the years ended March 31 consisted of the following:

	2025	2023
Current (benefit) tax expense	$ (100,120)	$ 147,175
Deferred income tax expense	-	-
	$ (100,120)	$ 147,175

The Company applies the standard relating to accounting for uncertainty in income taxes (ASC 740-10), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is required to recognize in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. There were no significant unrecognized tax benefits recorded as of March 31, 2025 and 2024.

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

-Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.

-Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

-Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity)

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As of March 31, 2025 and 2024, the fair value of the Company's investments was determined based on the following:

	Fair Value Measurements Using:			
	Fair Value	Quoted Prices in Active Markets for Idnetical Assets (Level 1)	Significant Other Observale Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ -	$ -	$ -	$ 250,000

NOTE 14 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 22, 2025, which is the date the consolidated financial statements were available to be issued. No subsequent events were noted.