

# **Tryfacta, Inc.**

**Financial Statements**

**As of and for the Years Ended December 31, 2024 and 2023**



Tryfacta, Inc.  
Financial Statements

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## Independent Auditor's Report

### Report on the Audit of the Financial Statements

To the Board of Directors and Shareholders of **Tryfacta, Inc.**

#### Opinion

We have audited the accompanying financial statements of **Tryfacta, Inc.** ("the Company"), which comprise the balance sheet as at December 31, 2024 and 2023, and related statement of operations, the statement of changes in stockholders' equity, the statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (the "US GAAS"). 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 the Company, 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 Company's ability to continue as a going concern for one year after the date 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 US GAAS 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 US GAAS, 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 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 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 audit.

#### **Restriction in Use**

The audit opinion is intended solely for the submission to the International Financial Service Centres Authority (IFSCA) for the purpose of listing the company at GIFT IFSC as per IFSCA Regulations and for the purpose of submitting to the customers, prospective customers, lenders and investors; and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. This audit report should not be used for filing with or distributed to any regulatory authorities or agencies in the United States of America.

**ASA & Associates LLP**

*ASA & Associates LLP*

Place: Delhi

Date: July 28, 2025



Tryfacta, Inc.  
Balance Sheets

(In USD thousands, except per share data and share count)

	Notes	As of December 31, 2024	As of December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 154	\$ 78
Accounts receivable, net of allowance for credit losses	4	5,005	6,130
Prepayments, deposits and other current assets	5	8,113	4,869
<b>Total current assets</b>		<b>13,272</b>	<b>11,077</b>
Property, plant, and equipment, net	6	14	24
Operating lease right-of-use assets	18	84	21
Deferred income tax assets	17	223	470
<b>Total assets</b>		<b>\$ 13,593</b>	<b>\$ 11,592</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term debt	15	\$ 2,411	\$ -
Current portion of long-term debt	15	10	126
Accounts payable	7	1,550	4,494
Federal and other taxes on income		213	117
Accrued expenses and other current liabilities	8	1,109	966
Deferred revenue	9	-	6
Operating lease liabilities	18	35	38
<b>Total current liabilities</b>		<b>5,328</b>	<b>5,747</b>
Accounts payable, less current portion	7	2,303	-
Long-term debt, less current portion	15	156	1,190
Operating lease liabilities, less current portion	18	60	-
<b>Total liabilities</b>		<b>7,847</b>	<b>6,937</b>
<b>Commitments and contingencies</b>	22		
<b>Stockholders' equity</b>			
Common stock (1,000 authorized shares without par value; issued and outstanding 100 shares (December 31, 2023: 100 shares))		-	-
Retained earnings		5,746	4,655
<b>Total stockholders' equity</b>		<b>5,746</b>	<b>4,655</b>
<b>Total liabilities and stockholders' equity</b>		<b>\$ 13,593</b>	<b>\$ 11,592</b>

(\* represent \$1 (December 31, 2023: \$1))

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
for ASA & Associates LLP

**ASA & Associates LLP**

Delhi  
July 28, 2025



For and on behalf of Tryfacta, Inc.

*Ratika Tyagi*

Ratika Tyagi  
Chief Executive Officer

California  
July 28, 2025



**Tryfacta, Inc.**  
**Statements of Operations**  
(In USD thousands, except per share data and share count)

	Notes	Year ended December 31,	
		2024	2023
Net revenues	9	\$ 57,237	\$ 37,031
Cost of revenue	10	51,512	32,099
Gross profit		5,725	4,932
Selling, general and administrative expenses	11	4,637	3,615
<b>Income from operations</b>		<b>1,088</b>	<b>1,317</b>
Interest income (expense), net	12	(321)	(107)
Other income (expense), net	13	691	249
<b>Income before income tax expense</b>		<b>1,458</b>	<b>1,459</b>
Income tax expense	17	(367)	(326)
<b>Net income</b>		<b>\$ 1,091</b>	<b>\$ 1,133</b>
<b>Earnings per common share</b>	14		
Basic		\$ 10,910	\$ 11,330
Diluted		\$ 10,910	\$ 11,330

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
for ASA & Associates LLP

*ASA & Associates LLP*

Delhi  
July 28, 2025



For and on behalf of Tryfacta, Inc.

*Ratika Tyagi*

Ratika Tyagi  
Chief Executive Officer

California  
July 28, 2025



Tryfacta, Inc.  
Statements of Changes in Stockholders' Equity  
(In USD thousands, except per share data and share count)

	Common stock		Retained earnings	Total stockholders' equity
	Shares	Amount		
Balance, January 1, 2023	100	*	\$ 3,522	\$ 3,522
Net income	-	-	1,133	1,133
Balance, December 31, 2023	100	*	\$ 4,655	\$ 4,655
Net income	-	-	1,091	1,091
Balance, December 31, 2024	100	*	\$ 5,746	\$ 5,746

(\* represent \$1 (December 31, 2023: \$1))

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
for ASA & Associates LLP

ASA & Associates LLP

Delhi  
July 28, 2025



For and on behalf of Tryfacta, Inc.

  
Ratika Tyagi

Chief Executive Officer

California  
July 28, 2025



**Tryfacta, Inc.**  
**Statements of Cash Flows**  
(In USD thousands, except per share data and share count)

	Year ended December 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,091	\$ 1,133
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation expense	10	10
(Gain) on debt modification or extinguishment	(674)	-
Non-cash lease expense	38	40
Deferred income taxes	247	246
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivables	1,125	(222)
(Increase) in prepayments and other current assets	(127)	(8)
Increase (decrease) in accounts payable	49	(238)
(Decrease) in deferred revenue	(6)	(11)
Increase (decrease) in Income taxes payable	96	(33)
Increase in accrued expenses and other liabilities	143	152
(Decrease) in operating lease liabilities	(44)	(43)
<b>Net cash provided by operating activities</b>	<b>1,948</b>	<b>1,026</b>
<b>Cash flows from investing activities</b>		
Loans to related parties	(6,769)	(2,521)
Repayment of loans by related parties	3,652	1,263
<b>Net cash used for investing activities</b>	<b>(3,117)</b>	<b>(1,258)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	16,532	-
Repayment of short-term borrowings	(14,121)	-
Repayment of long-term debt	(1,166)	(133)
<b>Net cash provided by (used for) financing activities</b>	<b>1,245</b>	<b>(133)</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>76</b>	<b>(365)</b>
Cash and cash equivalents at the beginning of the period	78	443
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 154</b>	<b>\$ 78</b>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ (294)	\$ (124)
Cash paid for income taxes	\$ (26)	\$ (113)

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
for ASA & Associates LLP

**ASA & Associates LLP**

Delhi  
July 28, 2025



For and on behalf of Tryfacta, Inc.

*Ratika Tyagi*

Ratika Tyagi  
Chief Executive Officer

California  
July 28, 2025



## Tryfacta, Inc.

### Notes to the Financial Statements

(In USD thousands, except per share data and share count)

#### 1 OVERVIEW

Unless otherwise noted in this report, any reference to "us," "we," or "our" refers to Tryfacta, Inc., a Delaware corporation (the "Company"). Financial information in this report is presented in U.S. dollars.

##### *Business*

The Company was incorporated under the laws of the State of Delaware in United States of America (USA) on March 11, 1996. On August 27, 2018, the Company adopted its current name, Tryfacta, Inc., with its registered address at 4637 Chabot Dr., Suite 100, Pleasanton, CA 94588.

Tryfacta, Inc. operates in the staffing, recruitment services and workforce solutions industry. The company provides personnel to other organizations to fill both short-term and long-term temporary positions. The Company currently provides services entirely to local, county, state, and federal governments in the fields of healthcare, information technology, education, administration and finance and labor.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of preparation*

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars.

##### *Use of estimates*

The preparation of these financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such estimates and assumptions include:

- (a) the useful lives of property, plant and equipment,
- (b) valuation and measurement of financial instruments,
- (c) determination of incremental borrowing rate, and
- (d) lease term for operating lease right-of-use ("ROU") assets and operating lease liabilities.

Management believes that the estimates used in the preparation of these financial statements are reasonable and evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. Although these estimates and assumptions are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### *Cash and cash equivalents*

Cash and cash equivalents consist primarily of balance in current accounts.

##### *Accounts receivable*

Accounts receivable are recorded at the invoiced or to-be-invoiced amounts and do not bear interest. The to-be-invoiced amount represents unbilled receivables for services rendered between the last billing date and the balance sheet date. Collections on trade accounts receivable are included in net cash provided by operating activities in the Statements of Cash Flows. The Company does not have any off-balance-sheet credit exposure related to its customers.

The Company utilizes revolving, accounts receivable-based facilities in the normal course of business as part of its cash flow management. Factored invoices are not included in our balance sheets when we do not retain a financial or legal interest. If a financial or legal interest is retained, we classify these factorings as secured borrowings. Generally, the fair value of the accounts receivable sold approximates their carrying value due to their short-term nature. Any administrative or other fees paid to factoring agents are recognized at the time of transfer and included under "Interest income (expense), net" in the Company's Statements of Operations.

See Note 4, "Accounts receivable, net of allowance for credit losses" for further information and related disclosures.

##### *Property, plant and equipment*

Property, plant, and equipment, are stated at cost less accumulated depreciation and accumulated impairment losses. Expenditures for major renewals and improvements which extend the life or usefulness of the asset are capitalized. Items of an ordinary repair or maintenance nature are charged directly to operating expense as incurred.

The straight-line method is used to depreciate plant and equipment. The estimated useful lives, residual values and method of depreciation are reviewed whenever events or circumstances indicate that a revision is warranted and any changes are accounted for on a prospective basis. The estimated useful life for vehicles is five years.

See Note 6, "Property, plant and equipment, net" for further information and related disclosures.



## Tryfacta, Inc.

### Notes to the Financial Statements

(In USD thousands, except per share data and share count)

#### *Impairment of long-lived assets*

The Company assesses long-lived assets for impairment in accordance with the provisions of Financial Accounting Standards Board ASC 360, Property, Plant and Equipment. Long-lived assets (asset group), such as property, plant and equipment and ROU assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. The amount of impairment loss, if any, is measured as the difference between the carrying value of the asset and its estimated fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

#### *Leases*

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company's assessment is based on whether: (1) the contract involves the use of a distinct identified asset, (2) the Company obtains the right to substantially all the economic benefits from the use of the asset throughout the term of the contract, and (3) the Company has the right to direct the use of the asset.

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset or (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the above criteria.

For all leases at the lease commencement date, a ROU asset and a lease liability are recognized. The lease liability represents the present value of the lease payments under the lease. Lease liabilities are initially measured at the present value of the lease payments not yet paid, discounted using the discount rate for the lease at the lease commencement. The lease liabilities are subsequently measured on an amortized cost basis. The lease liability is adjusted to reflect interest on the liability and the lease payments made during the period. Interest on the lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability.

The ROU asset represents the right to use the leased asset for the lease term. The ROU asset for each lease initially includes the amount of the initial measurement of the lease liability adjusted for any lease payments made to the lessor at or before the commencement date, accrued lease liabilities and any lease incentives received or any initial direct costs incurred by the Company.

The carrying value of ROU assets is reviewed for impairment, similar to long-lived assets, whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The Company has elected to use the recognition exemptions for lease contracts that, at commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"). Further, as a practical expedient, ASC 842, Leases, permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has elected to use this practical expedient.

See Note 18, "Leases" for further information and related disclosures.

#### *Income taxes*

The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of income taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and for all operating loss and tax credit carry forwards, if any. Deferred tax assets and liabilities are measured using the enacted tax rates of the respective jurisdictions which are expected to apply to taxable income in the years in which the related temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the Statements of Operations in the period that includes the enactment date.

See Note 17, "Income taxes" for further information and related disclosures.

#### *Employee benefit plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset. The company has no further obligation under defined contribution plans beyond the contributions made under these plans. Contributions are recorded in the year in which they accrue and are included in the Statements of Operations.

See Note 16, "Defined contribution plan" for further information and related disclosures.



## Tryfacta, Inc.

### Notes to the Financial Statements

(In USD thousands, except per share data and share count)

#### *Fair value of financial instruments*

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities which are required to be recorded at fair value, the Company considers the principal or most advantageous market and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability. These could include risks inherent in valuation techniques, transfer restrictions, and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels. In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

(a) Level 1 - Quoted prices in active markets for identical assets or liabilities.

(b) Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

(c) Level 3 - Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

See Note 19, "Fair value measurements" for further information and related disclosures.

#### *Foreign currency matters*

The accompanying financial statements are presented in U.S. Dollars, which is the Company's functional currency. Foreign currency transaction gains and losses resulting from or expected to result from transactions denominated in a currency other than the functional currency are recognized in "Other income (expense), net" in the Statements of Operations.

#### *Revenue recognition*

The Company derives its revenue primarily from staffing and personnel support services which are provided primarily on a time-and-material basis. The Company recognizes revenue upon the transfer of control of promised services to its customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Revenues from services rendered under time-and-material contracts are recognized as the services are provided. The Company accrues for revenue and unbilled receivables for services rendered between the last billing date and the balance sheet date. To determine revenue recognition for the arrangements that the Company determines are within the scope of ASC 606, Revenue from Contracts with Customers, the Company performs the following five steps:

- (1) identify the contract(s) 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 revenue when (or as) the entity satisfies a performance obligation.

The Company's contracts with its customers also include service level agreements that could result in credits or refunds to the customer. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

The consideration payable to a customer is accounted for as a reduction of the transaction price at the later of the time the entity recognizes revenue for the transfer of the related goods or services to the customer, or when the entity pays or promises to pay the consideration.

Revenues are reported net of value-added tax, business tax and applicable discounts and allowances.

See Note 9, "Net revenues" for further information and related disclosures.

#### *Cost of revenue*

Cost of revenue primarily consists of salaries and benefits for service employees, as well as recruitment, training, and related expenses for employees directly involved in delivering services to customers. This also includes costs for their supervisors and certain support personnel who may be dedicated to specific customers or processes. Operational expenses included in cost of revenue consist of subcontractor charges, vendor service contract fees, worker's compensation and health insurance, payroll taxes, and various other related expenses.

See Note 10, "Cost of revenue" for further information.



## Tryfacta, Inc.

### Notes to the Financial Statements

(In USD thousands, except per share data and share count)

#### ***Selling, general and administrative expenses***

Selling, general and administrative ("SG&A") expenses consist of expenses relating to salaries and benefits as well as costs related to recruitment, training and retention of senior management and other support personnel in enabling functions such as human resources, finance, legal, marketing, sales and sales support, and other support personnel. SG&A expenses also include insurance costs, internal employee payroll taxes, legal and professional fees, rent, travelling, license fees, and certain other expenses.

See Note 11, "Selling, general and administrative expenses" for further information.

#### ***Credit losses***

In accordance with ASC 326, Financial Instruments – Credit Losses, the Company evaluates its financial assets for expected credit losses by considering all available information relevant to assessing the collectability of cash flows, including historical experience, current conditions, and reasonable and supportable forecasts. The guidance requires that entities consider even remote risks of credit loss unless the expectation of non-payment is zero.

The Company provides staffing services exclusively to governmental agencies and has a long-standing history of no credit losses from such customers. Based on this historical experience, adjusted for current economic conditions and forward-looking information, the Company determines that the expectation of non-payment of the amortized cost basis of its receivables is zero. As a result, no allowance for credit losses has been recognized.

See Note 4, "Accounts receivable, net of allowance for credit losses" for further information and related disclosures.

#### ***Debt issuance costs***

Costs incurred in connection with the issuance of the Company's long-term debt have been recorded as a direct reduction against the debt and amortized over the life of the associated debt as a component of interest expense using the effective interest method.

#### ***Segment information***

The Company has determined that there is one operating and reportable segment based on qualitative and quantitative considerations. The accounting policies of the segment are measured in a manner consistent with that of the financial statements.

See Note 21, "Segment reporting" for further information and related disclosures.

#### ***Earnings or loss per share***

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, assuming all dilutive potential common shares were issued. Diluted EPS is not presented when its effect is anti-dilutive. Because the Company does not have any common stock equivalents, such as stock options and warrants, the amounts reported for basic and diluted net loss per share were the same.

See Note 14, "Earnings per share" for further information.

#### ***Commitments and contingencies***

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with such liabilities are expensed as incurred.

#### ***Debt restructuring***

The Company accounts for any restructuring of its credit facility using the ten percent cash flow test in accordance with ASC 470, Debt. If the cash flow effect of the change in terms on a present-value basis is less than ten percent, the debt instruments are not considered to be substantially different, and are accounted for as a modification. If the change is more than ten percent, it is treated as an extinguishment. In performing the cash flow test, the Company includes all amounts paid to its lenders in connection with the restructuring but excludes third-party expenses. In the case of a modification, all new fees paid to lenders are capitalized and amortized as part of the existing effective yield, and any new fees paid to third parties are expensed as incurred. No gain or loss is recorded in the case of a modification. In the case of an extinguishment, all new fees paid to lenders are expensed as incurred, and any new fees paid to third parties are capitalized and amortized as a debt issuance cost. The old debt is derecognized, and the new debt is recorded at fair value, with a gain or loss recorded for the difference between the net carrying value of the original debt and the fair value of the new debt.

See Note 15, "Debt" for further information and related disclosures.



Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

*Recently issued accounting pronouncements not yet adopted*

The following recently released accounting standards have not yet been adopted by the Company:

(a) In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes: Improvements to Income Tax Disclosures (Topic 740). Under the ASU, public business entities must annually "(1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate)." The ASU's amendments are effective for all entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its disclosures.

(b) In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosure (Topic 220-40). This ASU improves financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its disclosures.

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Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

3 Cash and cash equivalents

As of	December 31, 2024	December 31, 2023
Balances with banks		
In current accounts	154	78
	\$ 154	\$ 78

4 Accounts receivable, net of allowance for credit losses

As of	December 31, 2024	December 31, 2023
Accounts receivable	\$ 5,005	\$ 6,130
Less: Allowance for credit losses (refer note (a) below)	-	-
	\$ 5,005	\$ 6,130

Notes:

(a) Under the Current Expected Credit Losses ("CECL") model, entities are required to estimate and recognize an allowance for credit losses on financial instruments, even when the likelihood of credit loss is considered remote. However, if historical credit loss experience adjusted for current conditions and reasonable, supportable forecasts indicates that the risk of non-payment on a financial asset (or group of financial assets) is zero, the entity is not required to record an expected credit loss. The Company primarily transacts with government entities, with no history of credit losses and thus, the Company has assessed the risk of credit loss to be zero. As a result, no allowance for expected credit losses has been recognized.

(b) Beginning in October 2024, the Company entered into a 12-month revolving, accounts receivable-based facility that allows it to sell accounts receivable to a factoring agent. As per the terms of factoring, the derecognition criteria is not met and thus the receivables are not derecognised. Refer note 15(a) for details of arrangement.

(c) The following table summarizes the concentration of credit risk for the Company's accounts receivable with specific customers above 10% of the total balance:

Accounts receivable concentration

As of	December 31, 2024	December 31, 2023
Number of customers	3	3
Related accounts receivables percentage	35%	55%

5 Prepayments, deposits and other current assets

As of	December 31, 2024	December 31, 2023
Receivable from related parties (refer note below)		
Ratika Tyagi	\$ 7,627	\$ 4,564
Crimson Solutions, Inc.	183	159
Cloudarity, Inc.	50	20
Unbilled revenue	185	58
Prepaid expenses	62	63
Refund receivable	6	-
Security deposits	-	5
	\$ 8,113	\$ 4,869

**Note:** The Company has provided interest-free loans to its related parties (collectively, the "Borrowers"). As per the terms of arrangement, the Borrowers may prepay all or any portion of the loan at any time without any penalties or premiums. There are no scheduled repayment terms; however, the full outstanding loan amounts must be repaid no later than September 30, 2027.

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Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

6 Property, plant and equipment, net

As of	December 31, 2024	December 31, 2023
Vehicles	\$ 49	\$ 49
Less: Accumulated depreciation and impairment	(35)	(25)
<b>Property, plant and equipment, net</b>	<b>\$ 14</b>	<b>\$ 24</b>

Depreciation expense on property, plant, and equipment amounted to \$10 for each for the years ended December 31, 2024 and 2023.

7 Accounts payable

As of	December 31, 2024	December 31, 2023
Total accounts payable	\$ 3,853	\$ 4,494
Non-current accounts payable	(2,303)	-
<b>Current accounts payable</b>	<b>\$ 1,550</b>	<b>\$ 4,494</b>

**Note:** As of March 24, 2023, the Company had a disputed payable of \$4,190 to a subcontractor, related to certain withheld invoice payments. On June 1, 2023, the subcontractor initiated legal action in the Jefferson Circuit Court, Jefferson County, Kentucky, to recover the unpaid amounts (the "Lawsuit"). In order to resolve the matter, a related party of the Company's promoter agreed to personally guarantee the Company's payment obligations under a settlement agreement. Under the terms of the settlement, the Company agreed to pay \$3,700. The settlement amount of \$3,700 includes interest to be paid over a three-year period amounting to \$200. The interest terms states that no interest will accrue on the first 12 monthly installments; thereafter, interest will accrue at rate of 6.75% p.a. Further, the Company has an option to fully settle the obligation at an amount of \$3,500, provided the prepayment is made in full by December 15, 2025. The amounts due more than 12 months after the reporting date are presented as non-current accounts payable in the Balance Sheet.

8 Accrued expenses and other current liabilities

As of	December 31, 2024	December 31, 2023
Employee wages payable	\$ 690	\$ 451
Payable to government authorities	170	108
Accrued liabilities	122	125
Gross receipts tax	41	44
Payable to related parties (refer note 20)	-	85
Payable to subcontractors	39	30
Others	47	123
	<b>\$ 1,109</b>	<b>\$ 966</b>

9 Net revenues

(a) Description of services

The Company derives its revenue primarily from staffing and personnel support services which are provided primarily on a time-and-material basis. The Company recognizes revenue upon the transfer of control of promised services to its customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Revenues from services rendered under time-and-material contracts are recognized as the services are provided. The Company accrues for revenue and unbilled receivables for services rendered between the last billing date and the balance sheet date.

The Company estimate the amounts of variable consideration including penalties and amounts to be paid to customer as per the agreement (unless the payment is in exchange for a distinct good or service from the customer) based on the expected or likely amount to be provided to customers and reduce revenues recognized to the extent that it is probable that a significant reversal of such adjustment will not occur.

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Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

Net revenues (contd.)

(b) Contract balances

The Company recognises a contract liability where it has unconditional right to receive the consideration but has not yet satisfied its performance obligations .

Reconciliation of deferred revenue balance

As of	December 31, 2024	December 31, 2023
Balance, beginning of the year	\$ 6	\$ 17
Additions	-	6
Revenue recognized during the period	(6)	(17)
<b>Balance, end of the year</b>	<b>\$ -</b>	<b>\$ 6</b>
Current deferred revenue	-	6
<b>Non-current deferred revenue</b>	<b>\$ -</b>	<b>\$ -</b>

10 Cost of revenue

	Year ended December 31, 2024	Year ended December 31, 2023
Service employee cost	\$ 43,534	\$ 25,192
Payroll taxes (COGS)	3,890	2,030
Vendor contract services charges	1,838	4,346
Subcontractor charges	1,497	179
Employee health insurance	411	243
Workers compensation insurance	342	109
	<b>\$ 51,512</b>	<b>\$ 32,099</b>

11 Selling, general and administrative expenses

	Year ended December 31, 2024	Year ended December 31, 2023
Contracted outside services	\$ 1,702	\$ 1,176
Employee compensation	1,260	1,416
Recruitment cost	325	217
Legal and professional expenses	540	179
Payroll service fees	187	147
Insurance expenses	100	94
Payroll taxes (SG&A)	89	102
Work assessment (NYOGS)	76	-
Software subscription fees	70	62
Rent expense (refer note 18(a))	41	52
Internet and telephone expenses	40	32
Business taxes	14	13
Depreciation expense	10	10
Travelling expense	6	3
License fees	3	7
Other expenses	174	105
	<b>\$ 4,637</b>	<b>\$ 3,615</b>

12 Interest income (expense), net

	Year ended December 31, 2024	Year ended December 31, 2023
Interest income	\$ 3	\$ 11
Interest expense (refer note below)	(324)	(118)
	<b>\$ (321)</b>	<b>\$ (107)</b>

**Note:** This includes amount of \$16 on account of foreclosure charges paid at the time of prepayment on loan from Fresno first bank. Refer to Note 15(b) for details.



Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

13 Other income (expense), net

	Year ended December 31, 2024	Year ended December 31, 2023
Gain on modification of liability	\$ 690	\$ -
CARES employee retention credit	-	249
Other income	1	-
	<b>\$ 691</b>	<b>\$ 249</b>

14 Earnings per share

	Year ended December 31, 2024	Year ended December 31, 2023
Net income	\$ 1,091	\$ 1,133
Weighted average number of common shares	100	100
Basic and diluted earning per share	\$ 10,910	\$ 11,330

15 Debt

As of	December 31, 2024	December 31, 2023
<b>Short-term debt</b>		
Revolving factoring facility (refer note (a) below)	\$ 2,411	\$ -
<b>Current portion of long-term debt</b>		
Term loan, net of debt issuance costs		
Fresno first bank (refer note (b) below)	-	123
SBA EIDL loan (refer note (c) below)	3	3
CarMax Business services LLC (refer note (d) below)	7	-
<b>Total</b>	<b>2,421</b>	<b>126</b>
<b>Long-term debt</b>		
Term loan, net of debt issuance costs		
Fresno first bank (refer note (b) below)	-	1,025
SBA EIDL loan (refer note (c) below)	151	154
CarMax Business services LLC (refer note (d) below)	5	11
<b>Total</b>	<b>\$ 156</b>	<b>\$ 1,190</b>

Notes:

(a) *Revolving factoring facility from Paychex Advance LLC*

On October 10, 2024, the Company entered into a 12-month revolving accounts receivable-based facility with Paychex Advance LLC ("the Factor"), allowing it to sell accounts receivable on a non-recourse basis in the ordinary course of business. However, if a customer fails to pay an invoice within 90 days of issuance (unless the non-payment is due to the customer becoming insolvent during that period), the Company is required to repurchase the related receivable. Due to this repurchase obligation, on the date of transfer, the Company determined that the credit risk remains with the Company and is not transferred to the Factor. Further, the Company has retained legal interest in the factored invoices. As a result, proceeds received from the Factor upon the transfer of accounts receivable are recorded as a liability. This liability is derecognized upon collection of the underlying receivables.

Under the terms of the arrangement, the Company receives 90% of the invoice value (net of administrative and other fees) at the time of transfer, while the remaining 10% is held as a reserve. This reserve operates on a rolling basis and will be released only upon termination of the factoring arrangement. Administrative and other related fees for factoring are recorded as interest expense under "Interest income (expense), net" in the Company's Statements of Operations.

(b) *Term loan from Fresno First Bank*

On December 10, 2020, the Company obtained a \$1,495 term loan with a 10-year maturity, due on December 1, 2030. Debt issuance costs totaling \$45 were incurred in connection with this loan and are being amortized over its term as additional interest expense. The loan proceeds were used for the refinancing of existing debt and for working capital purposes, carrying an annual interest rate of 8.25%. The loan has first position security interest in all business assets.



Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

*(b) Term loan from Fresno First Bank (Contd.)*

As part of a factoring arrangement (refer note (a) above), on October 24, 2024, the Company was required to settle the loan, as the accounts receivable securing it were under lien with the bank. Upon foreclosure, the Factor settled the obligation by factoring the eligible accounts receivable on that date. During the year ended December 31, 2024, the Company recognized a \$16 loss on extinguishment, recorded under "Interest income (expense), net" in the Statements of Operations.

*(c) SBA EIDL loan*

On September 26, 2020, the Company received an Small Business Administration Economic Injury Disaster Loan ("SBA EIDL") in the amount of \$150 in response to the COVID-19 pandemic. The loan has a 30-year term with an annual interest rate of 3.75%. The loan includes an initial deferment period during which no payments are required for 24 months from the date of disbursement. The Company may prepay the loan at any time prior to maturity without incurring prepayment penalties.

The loan proceeds must be used exclusively as working capital to address economic injury resulting from the COVID-19 pandemic. As part of the loan agreement, the Company granted the SBA a continuing security interest in all collateral to secure repayment and performance of the Company's obligations under the EIDL loan. The collateral includes all of the Company's tangible and intangible assets.

*(d) Term loan from CarMax Business services LLC*

The Company obtained auto finance loans for its vehicles on June 10, 2021, and June 30, 2021, in the amounts of \$22 and \$19, respectively. Both loans have a five-year term and carry an annual interest rate of 5.45%.

The aggregate amount of maturities on the term loans is as follows:

Year ending, December 31		
2025	\$	10
2026		8
2027		3
2028		3
2029		4
2030 onwards		138
	\$	<u>166</u>

**16 Defined contribution plan**

The Company maintains a tax-qualified retirement plan known as the Tryfacta, Inc. 401(k) Profit Sharing Plan and Trust ("401(k) Plan"), which provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. The Company has declared the 401(k) Plan as a Safe Harbor plan. Under the Safe Harbor provisions, the Company guarantees a contribution of 4% of gross salary of employees. All Company contributions are 100% vested immediately, meaning employees have full ownership of these funds as soon as they are made, with no service requirements to qualify for the match. Additionally, the Company match is credited at the end of each plan year to all participants who contributed during that year, regardless of their employment status at year-end.

For the years ended December 31, 2024 and 2023, the Company recognized expenses related to the Safe Harbor match of \$12 and \$10, respectively. These amounts are included in "Selling, general, and administrative expenses" in the Statements of Operations.

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**Tryfacta, Inc.**  
**Notes to the Financial Statements**  
(In USD thousands, except per share data and share count)

**17 Income taxes**

(a) Income tax expense for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Income tax expense	\$ (367)	\$ (326)

(b) Components of income before income tax expense are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Domestic (U.S.)	\$ 1,458	\$ 1,459
Foreign (other than U.S.)	-	-
<b>Income before income tax expense</b>	<b>\$ 1,458</b>	<b>\$ 1,459</b>

(c) Significant components of the provision for income taxes are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Current tax expense:		
Federal	\$ 61	\$ 61
State	59	19
	120	80
Deferred tax expense:		
Federal	247	246
	247	246
<b>Total income tax expense</b>	<b>\$ 367</b>	<b>\$ 326</b>

(d) Components of the Company's deferred tax balances as of December 31, 2024 and 2023 are as follows:

As of	December 31, 2024	December 31, 2023
<b>Deferred tax assets</b>		
Tax losses and credit carryforwards	\$ 221	\$ 466
Lease liabilities	20	8
<b>Total deferred tax assets</b>	<b>241</b>	<b>474</b>
<b>Deferred tax liabilities</b>		
Right-of-use assets	18	4
<b>Total deferred tax liabilities</b>	<b>18</b>	<b>4</b>
<b>Net of deferred tax assets</b>	<b>\$ 223</b>	<b>\$ 470</b>

As of December 31, 2024, the Company has net operating loss carryforwards of \$1,054 for tax purposes, which will be available to offset future taxable income.

(e) Income tax expense differed from the amounts computed by applying the U.S. federal statutory income tax rate of 21% to income before income tax expense due to the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Income before income tax expense	\$ 1,458	\$ 1,459
Statutory income tax rates	21%	21%
Computed expected income tax expense	306	306
<i><u>Increase (decrease) in income taxes resulting from:</u></i>		
State income taxes	59	19
Others	2	1
<b>Reported income tax expense</b>	<b>\$ 367</b>	<b>\$ 326</b>



Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

18 Leases

The Company has leased office premises for a period of three years. The information regarding leases are as follows:

(a) Components of lease cost are summarized below:

	Year ended December 31, 2024	Year ended December 31, 2023
Operating lease cost	\$ 38	\$ 40
Short-term lease cost	3	12
<b>Total lease cost</b>	<b>\$ 41</b>	<b>\$ 52</b>

(b) Supplemental cash flow related disclosures:

	Year ended December 31, 2024	Year ended December 31, 2023
Cash paid for amounts related to lease liabilities:		
Operating cash flows from operating leases	\$ 44	\$ 43

(c) Supplemental balance sheet information related to leases:

As of	December 31, 2024	December 31, 2023
<b>Operating leases</b>		
Operating lease right-of-use assets	\$ 84	\$ 21
Operating lease liabilities - Current portion	35	38
Operating lease liabilities - Non-current portion	60	-
<b>Total operating lease liabilities</b>	<b>\$ 95</b>	<b>\$ 38</b>

(d) Other information:

	Year ended December 31, 2024	Year ended December 31, 2023
Weighted-average remaining lease term – operating leases	2.53 years	0.54 years
Weighted-average discount rate – operating leases	8.25%	8.25%

(e) Maturities of lease liabilities:

	Operating Leases	
<b>Years ending, December 31</b>		
2025	\$	41
2026		41
2027		23
<b>Total future minimum lease payments</b>		<b>105</b>
Less: Imputed interest		(10)
<b>Total lease liabilities</b>	<b>\$</b>	<b>95</b>

19 Fair value measurements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The levels of the fair value hierarchy are described below:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in

Level 3 - Unobservable inputs that cannot be supported by market activity and that are significant to the fair value of the asset, liability, or equity such as the use of certain pricing models, discounted cash flow models and similar techniques that use significant assumptions. These unobservable inputs reflect our own estimates of assumptions that market participants would use in pricing the asset or liability.



**Tryfacta, Inc.**

**Notes to the Financial Statements**

(In USD thousands, except per share data and share count)

**Fair value measurements (contd.)**

The carrying value of our cash and cash equivalents, accounts receivable, accounts payable approximate fair value because of their short-term nature. Our long-term debt includes borrowings which has a fixed interest rate, so the carrying amount approximates fair value because interest rates on these instruments approximate the interest rate on debt with similar terms available to us.

Refer note 4 for additional details related to measurement of accounts receivable and the concentration of credit risk of accounts receivable.

**20 Related Party Disclosures**

**(a) Name of the related parties and their relationships**

**(i) Entities owned directly or indirectly by the Chief Executive Officer (CEO):**

Crimson Solutions, Inc. – Owned by an immediate family member of the CEO

Cloudarity, Inc. – Owned by an immediate family member of the CEO

Tryfacta Consulting Private Limited – Owned by an immediate family member of the CEO

**(ii) Key managerial personnel (KMP)**

Ratika Tyagi – Chief Executive Officer (CEO)

Arman Lokesh Dhar – Senior Vice President - Operations

Adesh Tyagi – President

**(b) Related party transactions**

Name of the related party	Nature of transaction	Year ended	
		December 31, 2024	December 31, 2023
Ratika Tyagi	Loan given	\$ 6,658	\$ 2,342
Ratika Tyagi	Loan repaid	3,595	1,263
Tryfacta Consulting Private Limited	Support service expense	1,702	1,176
Ratika Tyagi	Remuneration	240	240
Crimson Solutions, Inc.	Loan given	81	159
Crimson Solutions, Inc.	Subcontractor service expense*	57	-
Cloudarity, Inc.	Loan given	30	20

\* This expense has been adjusted with the loan receivable

**(c) Outstanding balances at year end**

Name of the related party	Nature of transaction	December 31,	
		2024	2023
Ratika Tyagi	Loan receivable	\$ 7,627	\$ 4,564
Crimson Solutions, Inc.	Loan receivable	183	159
Cloudarity, Inc.	Loan receivable	50	20
Ratika Tyagi	Remuneration payable	-	10
Tryfacta Consulting Private Limited	Payable for support services	-	85

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Tryfacta, Inc.

Notes to the Financial Statements

(In USD thousands, except per share data and share count)

21 Segment reporting

The Company's CEO, as the Chief Operating Decision Maker ("CODM"), organizes the Company, manages resource allocation, and measures performance based on a single operating segment - "Recruitment & Staffing Services." The CODM evaluates performance based on net income (loss). The CODM also considers monthly forecasted information for net income (loss) when making decisions regarding capital and personnel needs.

The CODM reviews information at the entity level and does not use asset or liability information when measuring performance or allocating resources. Furthermore, the Company notes that monitoring financial results as a single reportable segment helps the CODM manage expenses and allocate resources on a consolidated basis, consistent with the Company's operations and centralized management structure. The Company operates in the United States of America.

The Company does not regularly provide the CODM with more detailed segment expense information beyond what is included in the Statements of Operations and accompanying notes relating to line items included in the Statements of Operations.

The Company received revenue from certain customers that each accounted for more than 10% of the Company's total gross revenue for the years ended December 31, 2024 and 2023. The Company's remaining customers do not make up significant percentages of these balances.

Revenue concentration

	Year ended December 31, 2024	Year ended December 31, 2023
Number of customers	2	5
Related total revenue percentage	52%	73%

22 Contingencies and commitments

There are no commitments as of December 31, 2024.

Legal Proceedings

The Company pays compensation to its employees placed at client sites based on confirmations provided by clients regarding the hours these employees worked at their sites, including regular time, overtime, meal and rest breaks, and similar time categories. The Company is a defendant in a legal action filed by a plaintiff in the Court of California, Alameda County. The lawsuit alleges violations of California wage and hour laws, including claims for unpaid compensation related to meal periods. The case, filed in October 2024, is in the early stages of litigation, with discovery ongoing. The Company believes it is in compliance with California wage and hour laws to the extent it is aware of any overtime, missed meal or rest breaks, and similar issues. The Company is currently reviewing communication records received from clients to identify any potential missed communications in this regard.

Based on the nature of the case, current status of the proceedings, and legal counsel's assessment, management believes that an adverse outcome is possible. However, due to the early stage of litigation and the lack of sufficient information, the amount of potential loss or range of loss cannot be reasonably estimated. Accordingly, no liability has been accrued in the financial statements.

23 Subsequent events

No subsequent events have been identified after the reporting period ended on December 31, 2024.