

To: The shareholders and supervisory board of HFCL B.V.

**Report on the audit of the consolidated financial statements as per 31<sup>st</sup> March 2025**

**Our opinion**

We have audited the consolidated financial statement for the period ended 31<sup>st</sup> March 2025 which are part of the financial statements of HFCL B.V. based in Amsterdam.

In our opinion, the accompanying consolidated financial statement give a true and fair view of the financial position of HFCL B.V. as at 31<sup>st</sup> March 2025 and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated balance sheet at 31<sup>st</sup> March 2025;
2. the consolidated profit and loss account for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025;
3. the notes comprising material accounting policy information and other explanatory information.

**Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the consolidated financial statements' section of our report.

We are independent of HFCL B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Audit approach to fraud risks**

The level of detail that must be provided in the auditor's report to describe how fraud risks that may lead to material misstatement have been addressed during the audit is a matter of professional judgment and is adapted to the specific circumstances and complexity of the audit. In accordance with paragraph 29B of SA 700, the auditor can describe:

- the risks of fraud that required attention during the audit;
- a reference to any disclosures in the financial statements;
- a brief overview of the work carried out;
- an indication of the outcome of the auditor's work;
- important observations regarding the matter.

Or a combination of these elements.

We believe the audit evidence for fraud risks we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Audit approach going concern**

The financial statements have been prepared in accordance with the going concern assumption. The appropriateness of this assumption depends on management's estimate of future cash flows. The Board of Directors has drawn up the financial statements based on the going concern assumption of all the activities for the period of 12 months from the date of the preparation of the annual accounts. Our work to evaluate the management's going concern assessment includes:

- Consider whether the management's going concern assessment contains all relevant information of which we have knowledge as a result of our audit of the financial statements and make inquiries with the board about the most important assumptions and considerations;
  - Verify that management has not identified any events or circumstances that may cast reasonable doubt on the entity's ability to continue as a going concern (hereinafter: going concern risks);
-

- Evaluate the operating results forecast and the related cash flows compared to the previous financial year, developments in the business and any information of which we are aware as a result of our audit;
- Analyze whether the current and the necessary financing for the continuation of the entire business activities is guaranteed; and
- Inquiries with the management about its knowledge of going concern risks after the period of the going concern assessment carried out by management.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment. However, future events or conditions may cause a company to cease to continue as a going concern.

#### **Scope of the group audit**

HFCL B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of HFCL B.V.

#### **Consolidated financial statements as part of the (complete) financial statements**

The financial statements include the consolidated financial statements and the company financial statements. For a proper understanding of the financial position and result the consolidated financial statements must be considered in connection with the company financial statements.

#### **Report on the other information included in the annual report**

The annual report contains other information, in addition to the consolidated financial statements and our auditor's report thereon.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the consolidated financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Description of responsibilities regarding the consolidated financial statements**

### **Responsibilities of management and the supervisory board for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the consolidated financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the consolidated financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### **Our responsibilities for the audit of the consolidated financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve
  - collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
-

- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material
- uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures; and
- evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Other matter**

This report is intended solely for information and use by the management of HFCL B.V., its stakeholders and the statutory auditors of the parent holding company of HFCL B.V.

The Hague, 18<sup>th</sup> May 2025

IAC Audit & Assurance B.V.



drs. S. Ramdas RA



S.R.

**HFCL B.V.**

Amsterdam, The Netherlands

**(Consolidated financial statement for the year ended 31<sup>st</sup> March 2025)**

Address	:	De entree 232, 1101EE Amsterdam
Chamber of Commerce	:	Amsterdam, The Netherlands
File Number	:	84 130 288

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**Consolidated balance sheet as at 31<sup>st</sup> March 2025***(Before proposed result appropriation)*

	<u>Notes</u>	<u>31-Mar-25</u> EUR	<u>31-Mar-24</u> EUR
<b>ASSETS</b>			
Tangible Fixed assets	1	2,893	3,807
		<u>2,893</u>	<u>3,807</u>
<b>Current assets</b>			
Inventories	2	-	419,886
Receivables, including prepayments	3	1,046,554	419,347
Cash and cash equivalents	4	204,811	121,405
		<u>1,251,365</u>	<u>960,638</u>
<b>Short term liabilities</b>	5	720,076	582,008
		<u>531,289</u>	<u>378,630</u>
<b>Balance of current assets less short-term liabilities</b>			
		<u>534,182</u>	<u>382,436</u>
<b>Balance of assets less short term-liabilities</b>			
		<u>534,182</u>	<u>382,436</u>
<b>Shareholders' equity</b>	6		
Share capital		1	1
Retained earnings		380,026	255,724
Result for the period		149,919	126,711
Currency Translation Reserve		4,236	-
<b>Total shareholders' equity</b>		<u>534,182</u>	<u>382,436</u>

**Consolidated profit and loss account for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025**

	<u>Notes</u>	<u>1 Apr 2024 to 31 Mar 2025</u> EUR	<u>1 Apr 2023 to 31 Mar 2024</u> EUR
Revenue	7	2,191,914	1,621,000
Cost of sales	8	(1,695,852)	(1,122,752)
		<u>496,062</u>	<u>498,248</u>
<b>Operating cost</b>			
General and administrative expenses	9	(284,971)	(321,995)
Depreciation and amortization	10	(914)	(605)
		<u>210,178</u>	<u>175,648</u>
<b>Total operating result</b>			
Financial income/(expense)	11	(21,797)	(16,565)
		<u>188,381</u>	<u>159,083</u>
<b>Result before taxation</b>			
Corporate income tax	12	(38,462)	(32,372)
		<u>149,919</u>	<u>126,711</u>
<b>Net result for the period</b>			

## Notes to the Consolidated Financial Statements

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### General

HFCL B.V. (the Company) is a private limited liability company, incorporated under the laws of The Netherlands on 6<sup>th</sup> October 2021, and have its corporate seat in Amsterdam, with office at De entree 232, 1101EE Amsterdam, The Netherlands. The Company is registered at the Chamber of Commerce under number 84 130 288.

The Company qualified as a small-sized entity (prior year: small) under Dutch Law, therefore the Consolidated financial statements for the year 31<sup>st</sup> March, 2025 have been prepared as per the small entity's regime.

The sole shareholder is HFCL Limited, India.

Registration of branch in Germany is under process.

### Activities

The principal business activities of the Company consist mainly of manufacture and trade Optical Fiber, Optical Fiber Cables, Telecom and Networking Products and other allied activities, to incorporate, to participate in and to finance companies and enterprises, to collaborate with, to manage the affairs of and to provide advice and other services to companies and other enterprises.

### Financial year

The financial year of the Company starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of the immediate following year.

### Reporting currency

The Consolidated financial statements of the Company are prepared and presented in EUR which is both presentation and functional currency of the Company.

### Going concern

These Consolidated financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

### Changes in estimate

The preparation of the Consolidated financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

### Legal Structure

HFCL B.V. is a wholly owned subsidiary of HFCL Limited, India.

HFCL B.V. has a 100% subsidiary, HFCL Canada Inc. in Canada.

HFCL B.V. has a 100% subsidiary, Blue Diwali sp.z.o.o, in Poland.

HFCL B.V. has a 100% subsidiary, HFCL UK Limited, in UK.

HFCL B.V. has a 100% subsidiary, HFCL Pty Limited, in Australia.

### Disclosure of consolidation

The Company prepared consolidated financial statements in accordance with Dutch GAAP. These statements consolidated the financial information of HFCL B.V. itself, along with the following subsidiaries

1. HFCL Canada Inc
2. Blue Diwali SP Z.O.O
3. HFCL UK Limited
4. HFCL Pty Limited

## Principles of valuation of assets and liabilities

### Accounting policies

The Consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Title 9, Book 2 of the Dutch Civil Code) and are denominated in Euro, which is the Company's functional currency.

### Tangible fixed assets

Tangible fixed assets are valued at cost less depreciation and, if applicable, impairment. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value.

### Inventories

Inventory is valued at lower of cost and net realizable value. Cost is determined using the first in first out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

The cost price consists of the historical cost and costs incurred in order to bring the stocks to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

### Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost. When a receivable is considered uncollectible, it is written off against the allowance account for receivables. If payment of these receivables is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank balances, remittance in transit and deposits. Cash and cash equivalents are stated at nominal value.

### Current liabilities

The current liabilities concern the liabilities with a duration of shorter than one year. These liabilities are valued at nominal value unless stated otherwise.

### Provisions

Provisions are formed for liabilities which are deemed probable or certain at the balance sheet date, but which are still unknown as to the amount or timing of outflow of funds.

### Accounts payable

All accounts payable are stated at nominal value and are expected to be paid within one year after the balance sheet date.

### Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as a part of the profit distribution.

The Company's ordinary shares are classified as equity instruments.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

**Translation of foreign currencies**

All monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the rate of exchange ruling at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when transaction took place. All transactions denominated in foreign currencies made during the period under review are translated into EUR at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

1 EUR at balance sheet date was equal to : Pound(£) 0.83536, USD(\$) 1.0815, CAD (\$) 1.5533, PLN 4.184 (31<sup>st</sup> March 2024 Pound 0.8551 ).

**Related party transactions**

An entity is considered as a related party if any of the following conditions prevail:

- The financial and operating activities are controlled by the Company or are controlled by the same party, which includes common control, joint control or significant influence.
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Transaction with related parties were made on terms equivalent to those that prevail in arm's length transaction.

**Principles for the determination of the result**

The result is determined as the difference between the value of the goods delivered and the costs and other charges related to the period. Profits on transactions are recognized in the period in which they are realised, losses are taken into account as soon as they are foreseeable.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts.

Income and expenses denominated in foreign currencies are accounted for at the official rates of exchange prevailing on the date on which the transaction took place. Translation differences due to exchange rate fluctuations between the transaction date and the settlement date or balance sheet date are recognized in the profit and loss account.

Tax on result will be calculated by applying the tax rate on the result for the financial year in the profit & loss account at year end. Tax expense comprises only current tax. Current tax is the expected tax payable on the taxable income for the year.

Notes to the Consolidated Financial Statements - (continued...)

	31-Mar-25 EUR	31-Mar-24 EUR
<b>1. Tangible fixed assets</b>		
<b><u>Office equipment</u></b>		
<i>Balance as at Opening</i>		
Purchase price	4,572	1,931
Accumulated depreciation	(765)	(160)
	<u>3,807</u>	<u>1,771</u>
 <i>Changes during the period</i>		
Addition/(deletion)	-	2,641
Depreciation	(914)	(605)
 <i>Balance as at Closing</i>		
Purchase price	4,572	4,572
Accumulated depreciation	(1,679)	(765)
	<u>2,893</u>	<u>3,807</u>
<p>On 1<sup>st</sup> November 2021, the Company purchased Mac book for business use for EUR 1,931 (Equivalent to GBP 1,652). The depreciation is being charged on Mac book @ 20% p.a. on straight line.</p> <p>On 23<sup>rd</sup> November 2023, the Company purchased Mac book for business use for EUR 1,669 (Equivalent to GBP 1,449). The depreciation is being charged on Mac book @ 20% p.a. on straight line.</p> <p>On 12<sup>th</sup> January 2024, the Company purchased Led Screen for business use for EUR 971 (Equivalent to GBP 835). The depreciation is being charged on Led Screen @ 20% p.a. on straight line.</p>		
<b>2. Inventories</b>		
Finished goods	-	419,886
	<u>-</u>	<u>419,886</u>
<b>3. Receivables, including prepayments</b>		
Accounts receivables	548,247	97,467
Other receivables	498,306	321,880
	<u>1,046,554</u>	<u>419,347</u>
<b><u>Other receivables</u></b>		
Advance paid to supplier	1,173	2,000
Advance to employees	3,170	9,231
Prepaid expenses	12,336	14,226
Prepaid taxes	9,905	4,728
Receivables from HFCL Pty Ltd	-	2,328
Security deposit	2,748	2,540
Sale tax receivables	23,575	10,227
Withholding Tax-India	445,400	276,600
	<u>498,306</u>	<u>321,880</u>
<b>4. Cash and cash equivalents</b>		
SBI UK (EUR)		177
SBI UK	GBP 8,011	9,590
TransferWise (EUR)		147,503
BMO Bank	CAD 72,978	46,982
Santander Bank 7693	PLN 2,330	557
Cash in hand		2
		<u>204,811</u>
		<u>121,405</u>

Notes to the Consolidated Financial Statements - (continued...)

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
	EUR	EUR
<b>5. Short term liabilities</b>		
Accounts payables	465,628	426,063
Accrued liabilities	21,643	77,859
CIT payable	68,623	30,226
Payable to director and employees	22	21
Payable to HFCL Inc	23,856	-
Social security tax payable	7,312	20,616
Pension premium payable	5,487	10,416
Payroll taxes payable	24,790	16,807
Salaries & Wages Payable	2,763	-
Loan received from Media Matrix (HK) limited	93,000	-
Interest payable - Media Matrix (HK) limited	6,952	-
	<u>720,076</u>	<u>582,008</u>

**6. Shareholders' equity**

	<u>Issued &amp; paid-up capital</u>	<u>Currency Translation Reserve*</u>	<u>Retained earnings</u>	<u>Result</u>	<u>Total</u>
Balance as at 1 <sup>st</sup> April 2024	1	-	255,724	126,711	382,436
Movements during the period	-	4,236	(2,408)	-	1,828
Allocation of result	-	-	126,711	(126,711)	-
Result for the period	-	-	-	149,919	149,919
Balance as at 31 <sup>st</sup> March 2025	<u>1</u>	<u>4,236</u>	<u>380,026</u>	<u>149,919</u>	<u>534,182</u>

The issued and paid up share capital amounts to EUR 1 and consists of 1 ordinary shares with a nominal value of EUR 1 each.

\*The financial results of the Company's subsidiaries in Canada, Poland, the UK, and Australia have been translated into the Company's functional currency, EUR. This resulted in the creation of a currency translation reserve, which is reflected in the consolidated financial statements.

Notes to the Consolidated Financial Statements - (continued...)

	1 Apr 2024 to 31 Mar 2025 EUR	1 Apr 2023 to 31 Mar 2024 EUR
<b>7. Revenue</b>		
Service income	1,688,000	1,621,000
Sale of goods	503,914	-
	<u>2,191,914</u>	<u>1,621,000</u>
<b>8. Cost of sales</b>		
Other direct cost	(458,126)	-
<b>Employment costs:-</b>		
Salaries and wages	(979,260)	(953,847)
Holiday allowance	(3,855)	(6,355)
Social security expenses	(115,078)	(104,257)
Pension premium expenses	(63,215)	(58,293)
Bonus on salary	(76,318)	-
	<u>(1,695,852)</u>	<u>(1,122,752)</u>
<b>9. General and administrative expenses</b>		
Audit fees	(35,230)	(18,656)
Courier and postage	(15)	(114)
Insurance expense	(25,335)	(16,316)
Logistic expenses	-	(59)
Management fees	(3,000)	(13,981)
Marketing expenses	-	(1,091)
Office expenses	(58,318)	(62,478)
Office rent	(6,841)	(9,689)
Penalties and fines	(1,472)	(10)
Professional fees	(72,366)	(61,231)
Travelling expenses	(41,342)	(40,729)
Vehicle expenses	(16,704)	(31,042)
Legal expenses	(4,157)	-
Transportation charges	(4,080)	-
Warehouse charges	(16,110)	(66,599)
	<u>(284,971)</u>	<u>(321,995)</u>
<b>10. Depreciation and amortization</b>		
Depreciation	(914)	(605)
	<u>(914)</u>	<u>(605)</u>
<b>11. Financial income/(expense)</b>		
Currency exchange result	(10,779)	(2,839)
Interest on loan	(6,952)	(9,255)
Interest and bank charges	(4,066)	(4,471)
	<u>(21,797)</u>	<u>(16,565)</u>
<b>12. Corporate income tax</b>		
Provision for CIT	(38,462)	(32,372)
	<u>(38,462)</u>	<u>(32,372)</u>

**Company Balance sheet as at 31<sup>st</sup> March 2025**

*(Before proposed result appropriation)*

	<u>Notes</u>	<u>31-Mar-25</u> EUR	<u>31-Mar-24</u> EUR
<b>ASSETS</b>			
Financial fixed assets	1	4,348	1
Tangible fixed assets	2	2,892	3,807
		<u>7,241</u>	<u>3,808</u>
<b>Current assets</b>			
Inventories	3	-	419,886
Receivables, including prepayments	4	1,031,139	419,347
Cash and cash equivalents	5	157,270	121,404
		<u>1,188,409</u>	<u>960,637</u>
<b>Short term liabilities</b>	6	653,299	582,008
<b>Balance of current assets less short-term liabilities</b>		<u>535,110</u>	<u>378,629</u>
<b>Balance of assets less short term-liabilities</b>		<u>542,351</u>	<u>382,436</u>
<b>Shareholders' equity</b>			
Share capital	7	1	1
Retained earnings		382,435	255,724
Currency translation reserve		(176)	-
Result for the period		160,091	126,711
<b>Total shareholders' equity</b>		<u>542,351</u>	<u>382,436</u>

**Company Profit and loss account for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025**

	Notes	1 Apr 2024 to 31 Mar 2025	1 Apr 2023 to 31 Mar 2024
		EUR	EUR
Revenue	8	2,117,432	1,621,000
Cost of sales	9	(1,657,611)	(1,122,752)
		459,821	498,248
<b>Operating cost</b>			
General and administrative expenses	10	(256,695)	(321,995)
Depreciation and amortization	11	(914)	(605)
<b>Total operating result</b>		<b>202,212</b>	<b>175,648</b>
Financial income/(expense)	12	(8,703)	(16,565)
<b>Result before taxation</b>		<b>193,509</b>	<b>159,083</b>
Corporate income tax	13	(36,767)	(32,372)
<b>Result after taxation</b>		<b>156,742</b>	<b>126,711</b>
Result from participation	14	3,349	-
<b>Net result for the period</b>		<b>160,091</b>	<b>126,711</b>

## Notes to the Company Financial Statements

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### General

HFCL B.V. (the Company) is a private limited liability company, incorporated under the laws of The Netherlands on 6<sup>th</sup> October 2021, and have its corporate seat in Amsterdam, with office at De entree 232, 1101EE Amsterdam, The Netherlands. The Company is registered at the Chamber of Commerce under number 84 130 288.

The Company qualified as a small-sized entity (prior year: small) under Dutch Law, therefore the financial statements for the period 31<sup>st</sup> March, 2025 have been prepared as per the small entity's regime.

The sole shareholder is HFCL Limited, India.

Registration of branch in Germany is under process.

### Activities

The principal business activities of the Company consist mainly of manufacture and trade Optical Fiber, Optical Fiber Cables, Telecom and Networking Products and other allied activities, to incorporate, to participate in and to finance companies and enterprises, to collaborate with, to manage the affairs of and to provide advice and other services to companies and other enterprises.

### Financial year

The financial year of the Company starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of the immediate following year.

### Reporting currency

The financial statements of the Company are prepared and presented in EUR which is both presentation and functional currency of the Company.

### Going concern

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

### Changes in estimate

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

### Principles of valuation of assets and liabilities

#### Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Title 9, Book 2 of the Dutch Civil Code) and are denominated in Euro, which is the Company's functional currency.

#### Financial fixed assets

Investments in which the Company has significant influence are stated at net asset value. Significant influence applies when the Company owns more than 20% of the voting rights of the investment.

If any, the overvalue between purchase price and first net asset value will be recorded as goodwill.

In case of net deficit value of an investment the carrying amount is minimally stated at Euro 1, unless the Company has incurred obligations or guaranteed obligations in respect of the investment. In that case a provision will be formed.

When investments accounted at net asset value which are denominated in currencies other than the euro, their net asset value is converted to euros using the exchange rate prevailing on the balance sheet date. Any resulting currency translation gains or losses are recorded within the equity fund of the Company.

All other investments are valued at cost. When a permanent impairment in value occurs in the investment valued at cost, the carrying amount is written down to its estimated recoverable amount but not less than Euro 1.

#### **Tangible fixed assets**

Tangible fixed assets are valued at cost less depreciation and, if applicable, impairment. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value.

#### **Inventories**

Inventory is valued at lower of cost and net realizable value. Cost is determined using the first in first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

The cost price consists of the historical cost and costs incurred in order to bring the stocks to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

#### **Receivables**

Receivables are recognized initially at fair value and subsequently measured at amortized cost. When a receivable is considered uncollectible, it is written off against the allowance account for receivables. If payment of these receivables postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, bank balances, remittance in transit and deposits. Cash and cash equivalents are stated at nominal value.

#### **Current liabilities**

The current liabilities concern the liabilities with a duration of shorter than one year. These liabilities are valued at nominal value unless stated otherwise.

#### **Provisions**

Provisions are formed for liabilities which are deemed probable or certain at the balance sheet date, but which are still unknown as to the amount or timing of outflow of funds.

#### **Accounts payable**

All accounts payable are stated at nominal value and are expected to be paid within one year after the balance sheet date.

#### **Shareholders' equity**

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholder's equity as a part of the profit distribution.

The Company's ordinary shares are classified as equity instruments.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

#### **Translation of foreign currencies**

All monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the rate of exchange ruling at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when transaction took place. All transactions denominated in foreign currencies made during the period under review are translated into EUR at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

1 EUR at balance sheet date was equal to : Pound(£) 0.83536, USD(\$) 1.0815, CAD (\$) 1.5533, PLN 4.184 (31<sup>st</sup> March 2024 Pound 0.8551).

**Related party transactions**

An entity is considered as a related party if any of the following conditions prevail:

- The financial and operating activities are controlled by The Company or are controlled by The same party, which includes common control, joint control or significant influence.
- The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Transaction with related parties were made on terms equivalent to those that prevail in arm's length transaction.

**Principles for the determination of the result**

The result is determined as the difference between the value of the goods delivered and the costs and other charges related to the period. Profits on transactions are recognized in the period in which they are realised, losses are taken into account as soon as they are foreseeable.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts.

Income and expenses denominated in foreign currencies are accounted for at the official rates of exchange prevailing on the date on which the transaction took place. Translation differences due to exchange rate fluctuations between the transaction date and the settlement date or balance sheet date are recognized in the profit and loss account.

Tax on result will be calculated by applying the tax rate on the result for the financial year in the profit & loss account at year end. Tax expense comprises only current tax. Current tax is the expected tax payable on the taxable income for the year.

			31-Mar-25	31-Mar-24
			EUR	EUR
<b>I. Participations in Subsidiaries</b>				
<u>Name and place</u>	<u>Ownership</u>	<u>Valuation Method</u>		
i) HFCL Canada Inc (Canada)	100%	NAV	4,345	1
ii) Blue Diwali Sp.z.o.o. (Poland)	100%	NAV	1	-
iii) HFCL UK Limited (UK)	100%	NAV	1	-
iv) HFCL Pty Ltd (Australia)	100%	NAV	1	-
			<u>4,348</u>	<u>1</u>
<b>i) <u>HFCL Canada Inc</u></b>				
<i>Movements in participations are as follows:</i>				
Balance at Opening			1	-
Investment			-	1
Share in result			4,518	-
Currency translation reserve			(174)	-
<b>Balance at closing</b>			<u>4,345</u>	<u>1</u>
On November 2, 2023, the Company invested CAD 1 (equivalent to EUR 0.69) in the share capital of HFCL Canada Inc., North America, and holds 100% shares of the subsidiary. According to the balance sheet of HFCL Canada Inc as at 31 <sup>st</sup> March 2025, the subsidiary reported profit of CAD 6,748 (equivalent in EUR 4,518) and had a positive NAV of CAD 6,749 (equivalent in EUR 4,344).				
<b>ii) <u>Blue Diwali sp. z.o.o</u></b>				
<i>Movements in participations are as follows:</i>				
Balance at Opening			-	-
Investment			1,173	-
Share in result			(1,169)	-
Currency translation reserve			(3)	-
<b>Balance at closing</b>			<u>1</u>	<u>-</u>
On May 17, 2024, the Company invested PLN 5,000 (equivalent to EUR 1,173) in the share capital of Blue Diwali sp. z.o.o, Poland, and holds 100% shares of the subsidiary. According to the balance sheet of Blue Diwali sp.z.o.o as at 31 <sup>st</sup> March 2025, the subsidiary reported loss of PLN 18,756 (equivalent to EUR 4,393) and had a negative NAV of PLN 13,756 (equivalent in EUR 3,220), thus participation has been shown as EUR 1.				
<b>iii) <u>HFCL UK Limited</u></b>				
<i>Movements in participations are as follows:</i>				
Balance at Opening			-	-
Investment			1	-
Share in result			-	-
Currency translation reserve			-	-
<b>Balance at closing</b>			<u>1</u>	<u>-</u>
On July 5, 2024, the Company invested GBP 1 (equivalent to EUR 1.19) in the share capital of HFCL UK Limited, and holds 100% shares of the subsidiary Company.				
<b>iv) <u>HFCL PTY LTD</u></b>				
<i>Movements in participations are as follows:</i>				
Balance at Opening			-	-
Investment			1	-
Share in result			-	-
Currency translation reserve			-	-
<b>Balance at closing</b>			<u>1</u>	<u>-</u>

**HFCL PTY LTD (continued...)**

On October 28, 2024, the Company invested AUD 1 (equivalent to EUR 0.61) in the share capital of HFCL PTY LTD, Australia and holds 100% shares of the subsidiary Company. According to the balance sheet of HFCL PTY LTD as at 31<sup>st</sup> March, the subsidiary reported loss of PLN 3,139 (equivalent to EUR 1,914) and had a negative NAV PLN 3,138 (equivalent in EUR 1,914), thus participation has been shown as EUR 1.

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
	EUR	EUR
<b>2. Tangible Fixed assets</b>		
<b><u>Office equipment</u></b>		
<i>Balance as at April 1st</i>		
Purchase price	4,572	1,931
Accumulated depreciation	<u>(765)</u>	<u>(160)</u>
	<u>3,807</u>	<u>1,771</u>
<i>Changes during the period</i>		
Addition/(deletion)	-	2,641
Depreciation	(914)	(605)
<i>Balance as at March 31st</i>		
Purchase price	4,572	4,572
Accumulated depreciation	<u>(1,679)</u>	<u>(765)</u>
	<u>2,892</u>	<u>3,807</u>

On 1<sup>st</sup> November 2021, the Company purchased Mac book for business use for EUR 1,931 (Equivalent to GBP 1,652). The depreciation is being charged on Mac book @ 20% p.a. on straight line.

On 23<sup>rd</sup> November 2023, the Company purchased Mac book for business use for EUR 1,669 (Equivalent to GBP 1,449). The depreciation is being charged on Mac book @ 20% p.a. on straight line.

On 12<sup>th</sup> January 2024, the Company purchased Led Screen for business use for EUR 971 (Equivalent to GBP 835). The depreciation is being charged on Led Screen @ 20% p.a. on straight line.

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
	EUR	EUR
<b>3. Inventories</b>		
Finished goods	-	419,886
	<u>-</u>	<u>419,886</u>
<b>4. Receivables, including prepayments</b>		
Accounts receivables	527,971	97,467
Receivables from group companies	6,374	-
Other receivables	496,794	321,880
	<u>1,031,139</u>	<u>419,347</u>
<b><u>Receivables from group companies</u></b>		
Receivables from HFCL Canada Inc.	200	-
Receivables from HFCL Pty Ltd	2,328	-
Receivables from Blue Diwali sp. z.o.o.	3,846	-
	<u>6,374</u>	<u>-</u>

Notes to the Company Financial Statements - (continued...)

		31-Mar-25	31-Mar-24		
		EUR	EUR		
<b><u>Receivables, including prepayments (continued...)</u></b>					
<b><u>Other receivables</u></b>					
Advance paid to supplier		1,173	2,000		
Advance to employees		3,170	9,231		
Prepaid expenses		12,336	14,226		
Prepaid taxes		9,905	4,728		
Receivables from HFCL Pty Ltd		-	2,328		
Security deposit		2,748	2,540		
VAT receivables		22,062	10,227		
Withholding Tax-India		445,400	276,600		
		<b>496,794</b>	<b>321,880</b>		
<b>5. Cash and cash equivalents</b>					
SBI UK		177	197		
SBI UK	GBP 8,011	9,590	8,262		
TransferWise		147,503	112,945		
		<b>157,270</b>	<b>121,404</b>		
<b>6. Short term liabilities</b>					
Accounts payables		426,733	426,063		
Accrued liabilities		10,753	77,859		
CIT Payable		66,993	30,226		
Payable to director and employees		21	21		
Payable to Samita Singh		1	-		
Payable to HFCL Inc	USD 9,186	8,494	-		
Social security tax payable		7,312	20,616		
Pension premium payable		5,487	10,416		
Payroll taxes payable		24,790	16,807		
Salaries & wages payable		2,763	-		
Loan received from Media Matrix (HK) limited		93,000	-		
Interest payable - Media Matrix (HK) limited		6,952	-		
		<b>653,299</b>	<b>582,008</b>		
<b>7. Shareholders' equity</b>					
	<b>Issued &amp; paid-up share capital</b>	<b>Retained earnings</b>	<b>Currency translation reserve*</b>	<b>Result</b>	<b>Total</b>
Balance as at 1 <sup>st</sup> April 2024	1	255,724	-	126,711	382,436
Allocation of result	-	126,711	-	(126,711)	-
Movement	-	-	(176)	-	(176)
Result for the period	-	-	-	160,091	160,091
Balance as at 31 <sup>st</sup> March 2025	<b>1</b>	<b>382,435</b>	<b>(176)</b>	<b>160,091</b>	<b>542,351</b>

The issued and paid up share capital amounts to EUR 1 and consists of 1 ordinary shares with a nominal value of EUR 1 each.

\*The net asset value of the Company's subsidiaries in Canada, Poland, the UK, and Australia has been incorporated into the Company's financial statements in accordance with the NAV method. As these subsidiaries maintain their accounts in foreign currencies, translation of their net assets into euros at the reporting date has resulted in a currency translation difference. This difference is recognized in a currency translation reserve, which is reflected in the equity section of the financial statements.

Notes to the Company Financial Statements - (continued...)

	1 Apr 2024 to 31 Mar 2025	1 Apr 2023 to 31 Mar 2024
	EUR	EUR
<b>8. Revenue</b>		
Service income	1,688,000	1,621,000
Sale of goods	429,432	-
	<u>2,117,432</u>	<u>1,621,000</u>
<b>9. Cost of sales</b>		
Other direct cost	(419,886)	-
<b>Employment costs:-</b>		
Salaries and wages	(979,260)	(953,847)
Bonus on salary	(76,318)	-
Holiday allowance	(3,855)	(6,355)
Social security expenses	(115,078)	(104,257)
Pension premium expenses	(63,215)	(58,293)
	<u>(1,657,611)</u>	<u>(1,122,752)</u>
<b>10. General and administrative expenses</b>		
Audit fees	(24,856)	(18,656)
Courier and postage	(15)	(114)
Insurance expense	(25,335)	(16,316)
Logistic expenses	-	(59)
Management fees	(3,000)	(13,981)
Marketing expenses	-	(1,091)
Office expenses	(58,318)	(62,478)
Office rent	(6,629)	(9,689)
Penalties and fines	(1,472)	(10)
Professional fees	(72,361)	(61,231)
Travelling expenses	(41,342)	(40,729)
Vehicle expenses	(16,704)	(31,042)
Warehouse charges	(6,662)	(66,599)
	<u>(256,695)</u>	<u>(321,995)</u>
<b>11. Depreciation and amortization</b>		
Depreciation	(914)	(605)
	<u>(914)</u>	<u>(605)</u>
<b>12. Financial income/(expense)</b>		
Currency exchange result	1,664	(2,839)
Interest on loan	(6,952)	(9,255)
Interest and bank charges	(3,415)	(4,471)
	<u>(8,703)</u>	<u>(16,565)</u>
<b>13. Corporate income tax</b>		
Provision for CIT	(36,767)	(32,372)
	<u>(36,767)</u>	<u>(32,372)</u>

Notes to the Company Financial Statements - (continued...)

	<u>1 Apr 2024 to 31 Mar 2025</u> EUR	<u>1 Apr 2023 to 31 Mar 2024</u> EUR
<b>14. Results from participation</b>		
Share in result - Blue Diwali Sp.z.o.o	(1,169)	-
Share in result - HFCL Canada Inc	4,518	-
	<u>3,349</u>	<u>-</u>

**15. Average number of employees**

During the financial period, the Company has eight employees (previous year : seven).

**16. Director**

During the financial period, the Company has two directors (previous year: two).

**17. Post balance sheet date events**

Since balance sheet date no events occurred, which would change the financial position of the Company and which would require adjustments of or disclosure in the financial statements now presented.

Signed on 18th May 2025

  
\_\_\_\_\_  
Mr. Harsh Wardhan Pagay  
Director

  
\_\_\_\_\_  
Ms. Sadhana Mishra  
Director

## **Other Information**

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### **Auditor's requirement.**

The Company has utilized the exemption from an audit by virtue of Article 396, paragraph 7, Title 9, Book 2 of the Netherlands Civil Code. However, it has been decided by the management to conduct the voluntary audit.

### **Statutory provision on appropriation of result**

According to the Articles of Association of the Company the result shall be appropriated by the General Meeting of Shareholders.