HFCL Canada Inc.

Financial Statements

March 31, 2026

HFCL Canada Inc.
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Independent Auditor's Report

To the Shareholders of HFCL Canada Inc.

Opinion

I have audited the accompanying financial statements of HFCL Canada Inc., which comprise the balance sheet as at March 31, 2026, and the Statements of income, retained earnings and cash flows for the years then ended, and notes to financial statement, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of HFCL Canada Inc. as at March 31, 2026, and the results of its financial operation and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Basis of Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that at March 31, 2026, the Company had a shareholders’ deficiency of $8,774 and a working capital deficiency of $8,773. No revenue was generated by the Company during the year. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

Deepak Arora

D ARORA PROFESSIONAL CORPORATION
Chartered Professional Accountants

Burnaby, BC
April 29, 2026

HFCL Canada Inc.

Balance Sheet

March 31, 2026

	Note	2026	2025
Assets			
Current Assets			
Cash		**59,358**	72,978
Accounts receivable	3	**663,963**	690,015
HST recoverable		**3,275**	3,275
Total Assets		**726,596**	766,268
Liabilities and Equity			
Current Liabilities			
Accounts payable & accrued liabilities	4	**711,939**	732,830
Income taxes payable		**-**	2,459
Due to related parties	5	**23,430**	24,157
Total Current Liabilities		**735,369**	759,446
Equity			
Share capital	7	**1**	1
Retained earnings (deficit)		**(8,774)**	6,821
Total Equity		**(8,773)**	6,822
Total Liabilities and Equity		**726,596**	766,268

Approved on Behalf of the Board:

Harshwardhan Pagay

______________________,

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

HFCL Canada Inc.

Statement of Retained Earnings (Deficit)

For the Year Ended March 31, 2026

	2026	2025
Retained earnings - beginning	**6,821**	-
Net Income (loss)	**(15,595)**	6,821
Retained earnings (deficit) - ending	**(8,774)**	6,821

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

HFCL Canada Inc.

Statement of Income (Loss)

For the Year Ended March 31, 2026

	Note	2026	2025
Revenue			
Sales		**-**	743,396
Cost of goods sold			
Purchases		**-**	683,642
Supplies		**-**	14,112
Freight		**-**	6,095
Cost of goods sold		**-**	703,849
Operating expenses			
Professional fees		**13,000**	11,000
Bad debt expense		**5,496**	-
Interest and bank charges		**1,190**	912
Total Operating expenses		**19,686**	11,912
Income from operations		**(19,686)**	27,635
Other items			
Realized (gain)/ losses on foreign exchange		**1,632**	(18,355)
Net Income (loss) before income taxes		**(18,054)**	9,280
Current income taxes (recovery)	8	**(2,459)**	2,459
Net income (loss)		**(15,595)**	6,821

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

HFCL Canada Inc.

Statement of Cash Flows

For the Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES:		
Net income (loss)	**(15,595)**	6,821
Changes in non-cash working capital		
Accounts receivable	**26,052**	(690,015)
HST recoverable	**-**	(3,275)
Accounts payable & accrued liabilities	**(20,891)**	732,830
Income tax payable (recoverable)	**(2,459)**	2,459
	2,702	41,999
TOTAL CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**(12,893)**	48,820
FINANCING ACTIVITIES:		
Advances from (to) related parties	**(727)**	24,157
TOTAL CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**(727)**	24,157
Increase (decrease) in cash	**(13,620)**	72,977
Cash at beginning of period	**72,978**	1
Cash at end of period	**59,358**	72,978

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

HFCL Canada Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2026

HFCL Canada Inc. (the "Company") is incorporated federally under the Canada Business Corporations Act on October 26, 2023. The company's principal business activities are the trading of optical fibre cables and the provision of technical and marketing services in the telecommunications sector.

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. (ASPE)

1 Significant Accounting Policies

a Revenue recognition

The Company recognizes revenue when it is earned, specifically when all the following conditions are met:

- Goods are delivered or services are provided to customers.
- There is clear evidence that an arrangement exists.
- Amounts are fixed or can be determined.
- The ability to collect is reasonably assured.
- There is no significant obligation for future performance.

b Allowance for doubtful accounts

Allowance for doubtful debts is recorded against accounts receivable that management believes are impaired. The Company records specific allowances against customer receivables based on knowledge of the financial condition of its customers. Management also considers the aging of customer receivables, customer and industry concentration, current business environment, and historical experience.

c Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the company were unable to continue its operations.

d Income taxes

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

HFCL Canada Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2026

1 Significant Accounting Policies (cont'd)

e Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods. Significant areas of estimation include accrued liabilities and provision for doubtful debt.

f Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

g Related parties

Parties are considered related to the company if the company has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be other entities or individuals. Related party transactions are unsecured, non-interest bearing and without terms of repayment. Related party transactions were carried out during the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

h Financial instruments

The company initially measures its financial assets and liabilities at cost. The transaction costs related to the financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability and recognized in income over the life of the instrument using the straight-line method. The company's short-term financial instruments, comprised of cash and cash equivalents, accounts receivable, prepaid expenses and accounts payable are carried at cost. The company subsequently measures all its financial assets and liabilities at cost or amortized cost.

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there is an indication of impairment, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in income

1 Significant Accounting Policies (cont'd)

i Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income. Financial assets measured at amortized cost were cash, accounts receivable. The financial liabilities measured at amortized cost were due to shareholder, long term debt, and accounts payable and accrued liabilities.

j Transactions costs

Transaction costs relating to financial assets and liabilities that will be subsequently measured at fair value are expensed as incurred. Transaction costs that are directly attributable to acquisition of financial assets and liabilities that will not be measured at the fair values are capitalized to the cost to those financial assets and liabilities. No transaction costs incurred during the year.

2 Going concern

The Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business is dependent on its ability to generate sufficient cash flows from operations and improve profitability. The Company did not generate any revenue during the year. As at March 31, 2026, the Company had a net working capital deficit of $8,773 (surplus in 2024: $6,822) and an accumulated deficit of $8,774 (2024: accumulated surplus of $6,821). For the year March 31, 2026, the Company incurred a net loss of $15,595 (2025: net income of $6,821) and used net cash of $12,893 in operating activities (2025: cash provided of $48,820).

These financial statements do not reflect any adjustments that may be necessary if the going concern assumption is determined to be inappropriate. Such adjustments could include the write-down or reclassification of assets and liabilities and could be material.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Should the company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted.

HFCL Canada Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2026

3 Accounts receivable

	2026	2025
Accounts receivable less provision for doubtful debt	**5,496**	11,330
Accounts receivable from related parties (Note-5)	**658,467**	678,685
Total	**663,963**	690,015

4 Accounts payable & accrued liabilities:

	2026	2025
Accounts payable to related parties (refer note-5)	**648,782**	668,702
Accounts payable	**50,157**	51,698
Accrued liability	**13,000**	12,430
Total	**711,939**	732,830

5 Related parties

Amounts due to related parties

	2026	2025
HFCL BV	**321**	295
HFCL Inc.	**23,109**	23,862
Total	**23,430**	24,157

Related party transaction

a HFCL Inc.

HFCL Inc. is the ultimate holding company of this company.

	2026	2025
Sales	-	659,668
Accounts receivable	-	678,685

b HFCL BV

HFCL Inc. is the holding company of this company.

	2026	2025
Purchase	-	634,833
Accounts payable	-	668,997

HFCL Canada Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2026

6 Financial instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The company's financial instruments consist of cash, receivables, payables and accrued liabilities. The following analysis provides information about the company's risk exposure and concentration as at March 31, 2026.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the company is exposed are foreign exchange risks and price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. Liquidity risk is dependent on receipt of funds from sales and continued access to sufficient credit facilities to be able to pay liabilities as they become due.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company has negligible exposure in currency risk considering the foreign currency denominated assets and liabilities are back-to-back and through related party.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Amount due from one customers constitute 98% (2024: 98%) of the total accounts receivables. There is an increase in risk as compared with previous year as the accounts receivable balance has increased this year.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is not subject to significant interest rate risk.

Unless otherwise noted, management is of the opinion that the company is not exposed to significant other price risks arising from these financial instruments.

7 Share capital

Issued shares

	2026	2025
Class "A" Common shares 1 share @$1 per share)	**1**	1

HFCL Canada Inc.

Notes to the Financial Statements

For the Year Ended March 31, 2026

8 Income tax

	2026	2025
Income for the year before taxes	**(18,054)**	9,280
Disallowed portion of amortization/ reserve and others	**-**	-
Net income for tax purposes	**(18,054)**	9,280
Current income taxes (recovery)	**(2,459)**	2,459
Net effective tax rate (%)	**-**	27

Losses

The company has following non-capital losses for the tax year ending March 31, 2026, that can be used to set off future taxable income. The tax benefits of these losses are not recognized in these financial statements. These non-capital losses will expire 20 years from the respective tax years in which they are incurred. Corporate tax returns are subject to audit and reassessment by the Canada Revenue Agency. The results of any assessments will be accounted for in the year in which they are determined:

Year	2026
2024	**4,278**

9 Comparative figures

a. **Reclassified to conform with current year**

Certain comparative figures have been reclassified to confirm to the current year's financial statements presentation.

b. Prior year audited by another auditor

The comparative figures as at and for the year ended March 31, 2026, were audited by another independent auditor.