Consolidated Financial Statements and Report of Independent Auditor's

123Stores, Inc.

Year ended March 31, 2026

Consolidated Financial Statements and Report of Independent Auditor's

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REPORT OF INDEPENDENT AUDITOR'S

Board of Directors

123Stores, Inc.

To The Board of Directors
123Stores, Inc.

We have audited the accompanying consolidated financial statements of 123Stores, Inc. (a Delaware corporation), which comprises the Balance Sheet as at 31st March, 2026, the Statement of Profit and Loss and the Statement of Cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statement").

Management's Responsibility for the Financial Statement

The preparation of the consolidated financial statement is the responsibility of the Management of 123Stores, Inc., (hereinafter the "Company") including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible for ensuring that the company complies with the requirements of various laws and regulations of the country in which it is incorporated and provides all relevant information to the respective authority.

Auditors Responsibility for the audit of the Financial Statement

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audits of these consolidated financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

DEOKI BIJAY & CO.
Chartered Accountants

Opinion

We have audited the accompanying consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Based on our examination, as above and information and explanation given to us, we are of the opinion that:

(a) In case of Balance Sheet, it shows a true and fair view of the State of affairs of the Company as at 31st March, 2026.
(b) In case of Profit & Loss Account, Profit for the year ended on that date. And
(c) In case of Cash flow, net cash flows for the year ended on that date.

Restriction on Use

The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to enable comply with the requirements of consolidation and Annual Performance Report to be submitted to Reserve Bank of India and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any other liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Deoki Bijay & Co.
Chartered Accountants
FRN- 313105E

CA Rakesh Kumar Kedia
Partner
Membership No. - 065329
May 19, 2026

UDIN:

123Stores, Inc.
Consolidated Balance Sheet
(All amounts in US$, unless otherwise stated)

		As of March 31, 2026
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		142,807
Accounts receivable, net		446,047
Inventories, net		1,296,455
Total current assets	$	**1,885,309**
Property and equipment (net of accumulated depreciation of $ 319,890 as of March 31, 2026)		15,037
Intangible assets		28,716,837
Long term loans and advances		31,926
TOTAL ASSETS	$	**30,649,109**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$	1,740,546
Accrued expenses and other current liabilities		1,406,035
Total current liabilities		**3,146,581**
Other long term liabilities		1,804,119
TOTAL LIABILITIES	$	**4,950,700**
Stockholders' equity:		
Common stock, $0.01 par value, 225,850,000 shares authorised, issued and outstanding at March 31, 2026	$	2,258,500
Securities Premium		11,326,500
Share Application Received, Pending Allotment		635,000
Retained earnings		11,587,345
Accumulated other comprehensive income		(108,936)
		25,698,409
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	**30,649,109**

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

123Stores, Inc.
Consolidated Statement of Income
(All amounts in US$, unless otherwise stated)

		Year ended March 31, 2026
REVENUE		
Revenue from operations	$	**59,975,751**
EXPENSES		
Cost of goods sold		38,776,507
Shipping and handling expenses		9,345,435
Gross profit		**11,853,809**
Sales and marketing expenses		9,009,585
Operations, technology, general and administrative expenses		1,294,270
Depreciation and amortisation		22,683
Operating profit		**1,527,271**
Other income, net		8,417
Income before taxes		**1,535,688**
Income tax expense		47,028
Net income for the year	$	**1,488,660**

The accompanying notes form and integral part of these consolidated financial statements.

123Stores, Inc.
Consolidated Statement of Comprehensive Income
(All amounts in US$, unless otherwise stated)

		Year ended March 31, 2026
Net income for the year	$	1,488,660
Other Comprehensive Income		
Foreign currency translation adjustment		(11,296)
Total Comprehensive income	$	**1,477,364**

The accompanying notes form an integral part of these consolidated financial statements.

123Stores, Inc.

Consolidated Statement of Changes in Stockholder's Equity

(All amounts in US$, unless otherwise stated)

	Common stock						
	Number of shares	Amount	Securities Premium	Share Application Received, Pending Allotment	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
Balance - March 31, 2025	225,850,000	$ 2,258,500	$ 11,326,500	$ -	$ (97,640)	$ 10,098,685	$ 23,586,045
Addition during the year	-	-	-	635,000	-	-	635,000
Net income for the year	-	-	-	-	-	1,488,660	1,488,660
Net other comprehensive income for the year	-	-	-	-	(11,296)	-	(11,296)
Balance - March 31, 2026	**225,850,000**	$ **2,258,500**	$ **11,326,500**	$ **635,000**	$ **(108,936)**	$ **11,587,345**	$ **25,698,409**

The accompanying notes form an integral part of these consolidated financial statements.

123Stores, Inc.
Consolidated Statement of Cash Flows
(All amounts in US$, unless otherwise stated)

		Year ended March 31, 2026
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	$	1,488,660
Adjustments to reconcile net income to net cash provided by/(used in) operating activities		
Deferred tax		45,000
Depreciation and amortisation		22,683
Accounts receivable		(17,981)
Inventories		948,366
Accounts payable		(103,237)
Accrued expenses and other current liabilities		(125,345)
Net cash provided by operating activities		**2,258,146**
CASH FLOWS FROM INVESTING ACTIVITIES		
Development costs of intangible assets		(2,901,699)
Net cash used in investment activities		**(2,901,699)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Share Application, Pending Allotment		635,000
Net cash provided by financing activities		**635,000**
Net increase in cash and cash equivalents		(19,848)
Cash and cash equivalents at beginning of the year		162,656
Cash and cash equivalents at end of the year	$	**142,807**
Supplemental cash flow disclosure		
Cash paid during the year for:		
Income taxes paid (net of refund)	$	1,518

The accompanying notes form an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Nature of Business

123Stores, Inc. ("the Company") is engaged in the business of online retailing with primary focus on the US online retail market. The Company sells products through third party marketplaces such as Amazon, EBay etc. The Company's offering includes products spanning across multiple categories such as furniture, patio, lawn and garden, musical Instruments and gadgets, home improvement and art crafts, kitchen dinning and appliances, toys, games, baby products and more.

Basis of preparation and consolidation

The consolidated financial statements include the accounts of 123Stores, Inc. and its wholly owned subsidiary 123Stores E Commerce Private Limited located in India. The consolidated financial statements have been prepared on a going concern basis, in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), to reflect the financial position, results of operation and cash flows of the company. All intercompany balances and transactions have been eliminated in the consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions are made by the Company in preparing these consolidated financial statements, such as but not limited to future obligations under employee benefit plans, useful lives of property and equipment and valuation allowances for deferred taxes. Management believes that the estimates used in the preparation of these consolidated financial statements are prudent and reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with original maturity of three month or less to be cash equivalents. Cash and cash equivalents, consists of cash with banks, prepaid cards and payment gateways and are stated at cost, which approximates its fair value.

Accounts receivable and allowance for doubtful accounts

The Company's accounts receivable consists of amounts receivable from various marketplaces against sale of products to customers. The respective marketplaces, collect cash from customers at the point of placement of order or shipment and periodically remits the amounts (after deducting relevant costs or fees) to the Company, based on their respective payment cycle.

The Company deals with reputed marketplaces such as Amazon, Ebay etc. which enjoy high creditworthiness. Having regard to these factors, the Company does not provide for allowance for doubtful accounts. Further, there is also no historical evidence and/or trend of bad debt losses.

Property and equipment and depreciation

Property and equipment are stated at historical cost net of depreciation. Depreciation on property and equipment is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Class of assets	*Estimated useful life (in years)*
Furniture and fixtures	7 - 10
Office equipment	5
Computers and peripherals	3 - 6
Intangibles	3 - 7

Repairs and maintenance of property and equipment are charged to statement of income as incurred. Enhancement and improvements that extend the life of property and equipment are capitalized. Upon disposition, the cost and accumulated depreciation are deducted from the sale proceeds resulting in gains and losses which are recognized in the statement of comprehensive income.

Intangible assets – internal-use software

Certain costs related to computer software developed or obtained for internal-use are capitalized or expensed in accordance with accounting standard codification or ASC Topic 350-40. During the year, the Company has recognized the costs associated with developing an artificial intelligence-based system developed to capture demand data with the help of combination of algorithms. The costs capitalized in the financial statement under intangible assets amounts to US$ 28,716,837, costs capitalized in the current year US$ 2,901,699. The Company will start amortizing this cost once the development of the artificial intelligence-based system is complete.

Revenue recognition

The Company recognizes revenue only when all the following conditions are fulfilled:

i> Persuasive evidence of an arrangement exists
ii> Delivery has occurred or the services has been rendered
iii> The fee is fixed or determinable
iv> Collectability is reasonably assured

The Company recognizes net revenue from sales of products upon delivery to the customer. As the Company ships large volume of products through multiple carriers, actual delivery dates may not always be available and as such the Company estimates delivery dates based on historical data. Product revenue is recorded at the gross amount as the Company is the primary obligor with the customer and have latitude in establishing price and selecting products sold, discretion in selecting suppliers of products sold, maintain inventory risk from shipment through delivery date and upon accepting returns and bear credit

risk. Net revenue includes shipping costs charged to the customer and are recorded net of taxes collected from customers, which are remitted to governmental authorities. Cash discounts, estimated returns and rebates are deducted from gross revenue in determining net revenue.
The Company records an allowance for returns based on current period revenue and historical returns experience. Revenue is deferred when cash is collected from the customer prior to the satisfaction of the revenue recognition criteria.

Cost of goods sold

Cost of goods sold includes the cost of merchandise, buying costs and costs of the Company's distribution network including inbound freight charges, distribution facility costs, receiving costs, internal transfer costs. The Company earns rebates under various incentive programs which reduces the carrying cost of inventory and are recognized in cost of goods sold when the related inventory is sold.

Shipping and handling costs

Shipping and handling costs represents costs to ensure delivery of products to the customers. This includes all costs from picking the product to packing it and the outbound transportation logistics cost to ensure delivery of the products to the customer.

Inventories

Inventory consists of finished products, for sale to customers, held at various third party warehouses as well as products which have been shipped by the supplier but are in transit to the fulfillment centers and products that have been shipped by the supplier or the fulfillment centers but are in transit to the customers.

The Company values inventory at the lower of cost or net realizable value. Cost of inventory consists of cost of product (net of supplier rebates) and inbound shipping and handling costs. Risk of loss and the transfer of title from the supplier to the Company occurs at freight on board shipping point and from the Company to the customers at point of delivery. Net realizable value is determined at market value less selling costs.

As of March 31, 2026, the Company has provided for a valuation allowance of US$ 22,947 in respect of diminution in the value of inventory.

Sales and marketing expenses

Sales and marketing costs consist of advertising costs, marketplace fees and commission. Advertisement costs are incurred to bring new and repeat customers. Payment to various marketplaces are made in form of fees and commission, which forms part of the sales and marketing expenses.

Concentration of credit risk

Financial instruments potentially exposing the Company to credit risk consists primarily of cash and cash equivalents, restricted cash and accounts receivable.

The Company maintains bank accounts with several banks as well as payment gateways. Domestic cash balances are covered by federal insurance limits. As of March 31, 2026, domestic balance was within the federal insurance limits.

The Company maintains some portion of its cash and cash equivalents in foreign currency. Deposits in foreign currency amounted to US$ 13,457 as on March 31, 2026.

The risk with respect to accounts receivable is managed by the Company through its policy of monitoring the creditworthiness of its customers to which it grants credit terms in the normal course of business. As at March 31, 2026, amount receivable from one specific customer was US$ 446,047 of the total accounts receivables, which was subsequently received in full.

Income taxes

Income taxes are accounted for under the asset and liability method of accounting for income taxes as set forth in Accounting Standard Codification (ASC) 740 – "Income taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

The Company files its Federal, State and Foreign tax returns on an accrual basis.

The Company voluntarily opted for earlier adoption of *"Accounting Standards Update 2015-17, Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes",* aimed at simplification of presentation of deferred income taxes. Consequently, the deferred tax assets/liabilities have been classified as non-current in the classified statement of financial position. As at March 31, 2026, the Company has accounted for net deferred tax liability of US$ 1,804,119 and is recorded under other long term liabilities.

Fair value measurements

Fair value of financial assets and liabilities are defined at the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 – inputs which are defined as quoted prices (unadjusted) in active markets for identical assets liabilities that the reporting entity has the ability to assess at the measurement date,

Level 2 – inputs which are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – inputs are defined as unobservable inputs for the assets or liabilities. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The Company measures its cash equivalents at fair value. The Company classifies its cash equivalents with level 1 because the Company values these investments using quoted market prices. The Company does not have any assets or liabilities classified as level 2 or level 3 financial assets.

The Company's financial instruments accounts receivable, accounts payable and accrued expenses are carried at cost, which approximates fair value due to the short term maturity of these instruments. The Company's long term debt is carried at cost and approximates fair value due to their variable interest rates, which are consistent with the interest rates in the market.

Foreign currency translation

The accounts of the foreign subsidiary are measured using the local currency (INR) as the functional currency. Assets and liabilities of the foreign subsidiary are translated at exchange rate in effect as of the balance sheet date. Revenue and expenses are translated at the average rate in effect during the year. Translation adjustment is recorded within accumulated other comprehensive income, a separate component of stockholders' equity.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of March 31, 2026:

Computer and peripherals	$ 16,474
Furniture and fixtures	292,677
Office equipments	25,776
	334,927
Less: Accumulated depreciation	319,890
	$ **15,037**

The Company as of March 31, 2026 did not have any assets acquired under capital lease. Depreciation and amortisation expense for the year was US$ 22,683.

4. INTANGIBLE ASSETS, NET

Intangible assets, net	$ **28,716,837**

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of March 31, 2026 consists of the following:

Sales tax payable	$	2,454
Income tax payable		5,000
Due to related party		1,245,293
Provisions for returns		2,108
Other accrued expenses and current liabilities		151,180
	$	**1,406,035**

6. COMMON STOCK AND STOCKHOLDERS' EQUITY

As at March 31, 2026, there were 225,850,000 shares of common stock, each with a par value of US$ 0.01, authorized, issued and outstanding. During the year, the Company received US$ 635,000 from its parent company, viz., Intrasoft Ventures Pte. Ltd towards share application money, pending allotment All the shares of common stock were held by the parent company, viz., Intrasoft Ventures Pte. Ltd. The common stockholders are entitled to dividends only if and when declared by the Board of Directors of the Company. No dividends were paid or declared on the common stock for the year ended March 31, 2026.

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7. PROVISION FOR INCOME TAX

The components of provision for income tax are as follows:

Current tax	
Federal	$ -
State	5,000
Foreign	1,353
	6,353
Prior year taxes	(4,325)
Deferred tax	
Deferred tax charge for the year	45,000
	$ **47,028**

The Company's deferred tax liabilities and assets consisted of the following at March 31, 2026:

Non current deferred tax liabilities	
Temporary differences	3,919,574
Subtotal non-current deferred tax liability	3,919,574
Non current deferred tax asset	
Temporary differences	$ 2,115,455
Subtotal non-current deferred tax assets	2,115,455
	$ **1,804,119**

The amount of deferred tax liabilities (net) as at March 31, 2026 is disclosed under 'Other long term liabilities'.

Deferred tax liabilities are recorded for the estimated tax impact of temporary differences between the tax and books balances of assets and liabilities, and are recognized based on the enacted statutory rates for the year in which the differences are expected to be reversed. As of March 31, 2026, the Company did not have any evidence to believe that any deferred tax asset or a part thereof will not be realized.

The Company has not recorded deferred income taxes applicable on the undistributed earnings of foreign subsidiary of approximately US$ 114,669 based on the management's presumption that such earnings will be indefinitely reinvested in foreign operations. If these earnings were remitted to the United States, they would be subject to U.S. income tax. The additional income tax that would arise on repatriation would be offset, in part, by foreign tax credits on such repatriation. However, it is impractical to estimate the amounts of net income and withholding tax that might be payable.

As of March 31, 2026 the Company did not have any material uncertain tax positions as provided in ASC 740 and accordingly, the Company has not recorded any liabilities due to uncertain tax positions.

The Company is not currently under examination by the Federal, State or Foreign Governments.

8. OPERATIONS, TECHNOLOGY, GENERAL AND ADMINISTRATIVE EXPENSES

The components of operations, technology, general and administrative expenses are as follows:

Technology expenses	$ 1,085,914
Office expenses	16,928
Legal and professional charges	141,001
Dues & Subscriptions	38,206
Miscellaneous expenses	12,221
	$ **1,294,270**

9. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company from time to time subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. In addition, third parties may from time to time assert intellectual property infringement claims against the Company in the form of letters and other communications. While the outcome of pending claims against the Company cannot be predicted with certainty, the Company does not believe that the outcome of any pending litigation will have a material adverse effect on its financial condition or operating results.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to clients, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties.

10. RELATED PARTY TRANSACTIONS

The Company received services from Intrasoft Ventures Pte. Ltd. (Parent) and IntraSoft Technologies Limited (Ultimate Parent) during the year. The total value of such services received by the Company during the financial year ended March 31, 2026 amounted to US$ 30,000 and US$ 978,400 respectively. As on March 31, 2026, the amount payable were US$ 117,000 and US$ 1,223,200 respectively.

During the year, the subsidiary of the Company provided demand loan to IntraSoft Technologies Limited (Ultimate Parent). As on March 31, 2026, the loan and interest amount receivable were US$ 94,907 and US$ Nil respectively.

11. SUBSEQUENT EVENTS

For audited financial statements as of March 31, 2026, the Company has evaluated subsequent events through May 19, 2026. There were no significant developments from April 01, 2026 to May 19, 2026, which might require disclosure.

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