

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

KNAV CPA LLP

Certified Public Accountants

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America Counts on CPAs

Table of Contents

INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS	5
<i>Balance sheets</i>	6
<i>Statements of loss</i>	7
<i>Statements of stockholder's deficit</i>	8
<i>Statements of cash flows</i>	9
<i>Notes to Financial Statements</i>	10

Independent Auditor's Report

To the Board of Directors
TCL North America Inc.

Opinion

We have audited the accompanying financial statements of TCL North America Inc. (the Company'), which comprise the balance sheets as of March 31, 2025, and March 31, 2024, and the related statements of loss, stockholder's deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and March 31, 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, includes omission, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

KNAV CPA LLP

Atlanta, Georgia

June 11, 2025

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

Financial Statements

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

Balance sheets*(All amounts in United State Dollars, unless otherwise stated)***ASSETS****Current assets**

Cash and cash equivalents	4,148,736	7,556,123
Inventories	115,556,307	59,885,660
Investment	-	579,212
Prepaid expenses and other current assets	381,663	327,220
Total current assets	120,086,706	68,348,215

Non-current assets

Equipments, net	86,889	49,444
Right of use asset, net	737,741	-
Intangibles, net	564,170	444,885
Intangibles under development	49,704	-
Investment	3,500,000	3,500,000
Other non-current asset	298,296	212,020
Total non-current assets	5,236,800	4,206,349
Total assets	125,323,506	72,554,564

LIABILITIES AND STOCKHOLDER'S DEFICIT**Current liabilities**

Accounts payable	145,828	233,222
Due to related parties	16,319,641	17,477,128
Borrowings	101,000,000	51,000,000
Lease liabilities, current portion	237,564	-
Other current liabilities	16,536,645	6,830,483
Total current liabilities	134,239,678	75,540,833

Non-current liabilities

Lease liabilities, net of current portion	531,922	-
Total non-current liabilities	531,922	-
Total liabilities	134,771,600	75,540,833

Stockholder's deficit

Common stock, 400,000 (previous year 251,500) shares authorized, \$100 par value; 296,500 (previous year 246,500) shares issued and outstanding	29,650,000	24,650,000
Additional paid in capital	(1,242,361)	-
Accumulated deficit	(37,855,733)	(27,636,269)
Total stockholder's deficit	(9,448,094)	(2,986,269)

Total liabilities and stockholder's deficit

125,323,506	72,554,564
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(The accompanying notes are an integral part of these financial statements)

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

Statements of loss*(All amounts are stated in United States Dollars, unless otherwise stated)*

	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations, net	100,099,232	41,471,195
Cost of revenue	65,704,218	28,687,553
Gross profit	34,395,014	12,783,642
Operating expenses		
Employee benefit expenses	2,254,949	1,573,888
Finance cost	4,658,112	2,351,557
Selling, general and administrative expenses	21,666,735	9,623,238
Depreciation and amortization	260,025	139,514
Total operating expenses	28,839,821	13,688,197
Income (loss) from operations	5,555,193	(904,555)
Other income	83,755	245,538
Other expense	15,854,369	24,082,645
Loss before income tax	(10,215,421)	(24,741,662)
Current tax	4,043	2,573
Net loss	(10,219,464)	(24,744,235)

(The accompanying notes are an integral part of these financial statements)

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

Statements of stockholder's deficit*(All amounts are stated in United States Dollars, except the number of shares or unless otherwise stated)*

	Authorized		Issued, and outstanding		Accumulated deficit	Additional paid-in capital	Total stockholder's deficit
	Shares	Value	Shares	Value			
Balance as of April 1, 2023	251,500	25,150,000	211,500	21,150,000	(2,892,034)	-	18,257,966
Issuance of common stock	-	-	35,000	3,500,000	-	-	3,500,000
Net loss for the year	-	-	-	-	(24,744,235)	-	(24,744,235)
Balance as of March 31, 2024	251,500	25,150,000	246,500	24,650,000	(27,636,269)	-	(2,986,269)
Balance as of April 1, 2024	251,500	25,150,000	246,500	24,650,000	(27,636,269)	-	(2,986,269)
Increase in authorized capital	148,500	14,850,000	-	-	-	-	-
Issuance of common stock	-	-	50,000	5,000,000	-	-	5,000,000
Adjustment for transaction with related party under common control <i>(Refer - note I)</i>	-	-	-	-	-	(1,242,361)	(1,242,361)
Net loss for the year	-	-	-	-	(10,219,464)	-	(10,219,464)
Balance as of March 31, 2025	400,000	40,000,000	296,500	29,650,000	(37,855,733)	(1,242,361)	(9,448,094)

(The accompanying notes are an integral part of these financial statements)

Statements of cash flows

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flows from operating activities		
Net loss	(10,219,464)	(24,744,235)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized loss on hedging contracts	9,970,022	2,160,373
Provision for diminution in the value of investment	-	21,420,788
Depreciation & amortization	260,025	139,514
Changes in net operating assets and liabilities		
Inventories	(55,670,647)	(42,141,981)
Prepaid expenses and other current assets	(54,443)	(1,705,819)
Accounts payable	(2,389,834)	3,170,125
Accrued expenses and other current liabilities	(263,860)	3,339,143
Operating lease right of use asset and lease liability (net)	31,748	-
Other non-current asset	(86,279)	(212,020)
Net cash used in operating activities (A)	(58,422,732)	(38,574,112)
Cash flows from investing activities		
Purchase of equipments, net	(60,625)	(11,152)
Purchase of intangibles, net	(405,834)	(462,833)
Proceeds from recovery of investment / (investment made)	579,212	(3,500,000)
Net cash generated from (used in) investing activities (B)	112,753	(3,973,985)
Cash flows from financing activities		
Purchases of inventory – common control transaction <i>(Refer - Note I)</i>	(97,408)	-
Proceeds from short-term borrowings	50,000,000	45,000,000
Proceeds from issuance of common stock	5,000,000	3,500,000
Net cash generated from financing activities (C)	54,902,592	48,500,000
Net change in cash and cash equivalent	(3,407,387)	5,951,903
Cash and cash equivalent at the beginning of the year	7,556,123	1,604,220
Cash and cash equivalent at the end of the year	4,148,736	7,556,123
Supplemental cash flow information		
Interest paid	3,149,025	362,783
Income tax paid	3,150	2,275
Adjustment under APIC for transaction with related party under common control <i>(Refer - note I)</i>	1,144,953	-
Right of use assets acquired in exchange of lease obligations <i>(The accompanying notes are an integral part of these financial statements)</i>	786,106	-

Notes to Financial Statements

(All amounts are stated in United States Dollars, unless otherwise stated)

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

TCL North America Inc. ("TCL Inc., 'the Company") incorporated on 15th April 2021, in the State of Delaware, USA, is a wholly owned subsidiary of Titan Company Limited, India. TCL Inc. is engaged in the business of manufacturing, marketing, and retailing of lifestyle products such as watches, jewelry, fashion accessories, fragrance etc. Target audience being Indian diaspora in North America region. The Company is currently engaged in marketing and retailing jewelry products through its trunk show and stores channel.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of preparation

The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations and cash flows of the Company. The financial statements are presented on a comparative basis for the fiscal year ended March 31, 2025, and March 31, 2024. All the amounts in the accompanying financial statements are in USD unless otherwise stated.

2. Going concern and management's plans

The Company is subject to a number of risks similar to those of other entities in the early stage of operations. The principal among these risks is the competition from substitute products and larger companies, reliance on the support of related parties, the risks associated with changes in domestic and international economic or political conditions or regulations. The Company's long-term success is dependent upon its ability to successfully market its products and services, generate revenues, meet its financial obligations, maintain adequate financing, and ultimately attain profitable operations. During the year, the Company has negative cash flows from operations of \$58,422,732. Additionally, the Company had negative equity of \$9,448,094 as of year-end which casts significant doubt on the Company's ability to continue as a going concern. However, the positive operating profit of \$5,555,193 during the year indicates an improved operating position. The expansion of multiple stores in North America region and in view of the continued support from the parent company, management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the near future.

3. Use of estimates

The preparation of financial statements in conformity with US GAAP 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 results of operations during the reporting period. The Company's most significant estimates relate to the useful life of equipment, valuation of identified intangibles, assessment of impairment of investments, allowance for inventory, revenue recognition, valuation of hedging contracts, warranties, and provision for taxes. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. *Cash and cash equivalents*

Cash and cash equivalents comprise of cash in hand, balances with banks and funds in transit receivable from credit card vendors. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents, if any. Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000 per financial institution per depositor. The Company believes cash and cash equivalent balances on deposit with the US banks are not exposed to any significant risk.

5. *Inventories*

The Company's inventories comprising of fine jewelry is recorded at the lower of cost and net realizable value, using the specific identification method. Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Net realizable value represents the estimated selling price for inventories less estimated cost of completion and costs necessary to make the sale. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete, and impaired inventory. Such write-downs, if any, are included in cost of revenues. Quantities of gold covered under fair value hedge is valued at gold prices prevailing in the period closing date.

6. *Equipments, net*

Equipments are stated at cost less accumulated depreciation. Cost of items of equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. Cost of maintenance and repairs are charged to expense when incurred. Depreciation expense is calculated on a straight-line basis over the estimated useful lives of the related assets.

The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and the related gain or loss is reported in the statement of loss. Estimated useful lives by major asset category are as follows:

Nature of assets	Estimated useful life of assets
Electrical equipment	5-10 years
Computer equipment	3 years
Office equipment	5 years

7. *Intangibles*

Intangible assets which comprise of computer software and website are stated at cost less accumulated amortization. The Company capitalizes costs to develop its websites and internal-use software and amortizes such costs on a straight-line basis over the estimated useful life of the software once it is available for use. Costs related to the design and maintenance of internal-use software and website development are expensed as incurred.

Nature of asset	Estimated useful life of asset
Software	3 years

8. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value, if any.

9. Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Please refer to Note M, "Revenue" for further information.

The core principle of Accounting Standards Codification ("ASC") 606 – 'Revenue from contract with customers is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

The Company engages in the retail of jewelry through its physical outlet stores located in Edison, Dallas, Houston, Chicago, Seattle, Atlanta and Bay area and trunk shows. Revenue is measured based on the transaction price after applying strikethrough, coupon, and exceptional discounts, if any and other similar charges, as specified in the contract with the customer and Company policies. The revenue is recognized at point of time as per ASC 606 and the entire revenue is generated from the sales made in the USA region. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company generally offers a return policy of 15 days and provides for an allowance for sales returns during the period in which the sales are made. Revenue and cost of revenue reported in the statement of loss are reduced to reflect estimated returns.

Contract balances

Contract assets are recognized when there is excess of revenue earned over billings on contracts, if any. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms, if any. Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues, if any. Advances received for sale of products are reported as liabilities until all conditions for revenue recognition are met.

10. Advertising expenses

Advertising costs are presented as part of selling, general and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The advertising and marketing cost incurred by the Company for the year ended March 31, 2025, and for the year ended March 31, 2024, amounted to \$6,209,525 and \$3,108,468.

11. Investments

The Company's investments consist of non-marketable equity securities in a privately held company in which the Company does not have a controlling interest or significant influence, and the Company does not intend to sell. The Company has elected to apply the measurement alternative for equity investments that do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Impairment of investments

The Company reviews the carrying value of investments carried at cost annually, or more frequently when there is an indication of impairment. If the recoverable amount is less than the carrying amount, the impairment loss is

recorded in the statement of loss. When an impairment loss subsequently reverses, the carrying amount of the investments is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the investments. A reversal of an impairment loss is recognized immediately in the statement of loss.

12. *Cost of revenue*

Cost of revenue includes costs of purchase, inbound and outbound shipping costs and other expenditure associated with distribution. Shipping and handling charges incurred by the Company represent fulfillment activities and are included in cost of revenue.

13. *Income taxes*

In accordance with the provisions of Financial Accounting Standard Board ('FASB') ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. 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 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. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized. All deferred tax assets and liabilities, along with any related valuation allowance, are classified as non-current on the balance sheets.

14. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2- Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3- Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts payable, related party balances and other accrued liabilities. The estimated fair value of these financial instruments approximates their carrying amounts due to the nature of these instruments. None of these instruments are held for trading purposes.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

15. Derivative financial instruments

The Company enters into a derivative financial instrument to manage its exposure to gold commodity price risks, including forward contracts, future contracts, and options. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the statement of loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of loss depends on the nature of the hedging relationship and the nature of the hedged item.

16. Operating leases

The Company determines whether an arrangement is or contains a lease at contract inception.

All of the Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheets. Right-of-use assets (ROU) and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company has used the accounting policy election to use a risk-free rate for a period comparable to the lease term as the discount rate for its leases.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in rent expense in the statement of loss. Leases with a lease term of 12 months or less from the commencement date, and that do not contain a purchase option, are recognized as an expense on a straight-line basis over the lease term.

17. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred, and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at March 31, 2025	As at March 31, 2024
Balances with banks	2,671,998	6,937,331
Cash in hand	57,930	190,286
Funds in transit receivable from credit card vendors	1,418,808	428,506
Total	4,148,736	7,556,123

NOTE D - INVENTORIES

Inventories is summarized as under:

	As at March 31, 2025	As at March 31, 2024
Goods in transit	13,915,453	-
Traded goods	104,200,030	59,885,660
Less: Provision for slow moving goods	(2,559,176)	-
Total	115,556,307	59,885,660

NOTE E - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

	As at March 31, 2025	As at March 31, 2024
Prepaid expenses	197,528	95,594
Advances to suppliers	184,135	231,626
Total	381,663	327,220

NOTE F - EQUIPMENTS

Equipments comprise of the following:

	As at March 31, 2025	As at March 31, 2024
Computers equipment	39,789	31,245
Electrical equipment	6,298	3,082
Office equipment	88,785	39,920
Total	134,872	74,247
Less: Accumulated depreciation	(47,983)	(24,803)
Total	86,889	49,444

Depreciation expense for the year ended March 31, 2025, amounted to \$23,180 and for the year ended March 31, 2024, amounted to \$17,167.

NOTE G - RIGHT OF USE ASSET AND LEASE LIABILITY

Operating lease

The Company has operating leases for its warehouse in New York City and an office in New Jersey. Rental expense under the operating lease was \$ 55,352 for the year ended March 31, 2025.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: The lease contracts do not provide a readily determinable implicit rate. Hence, the Company uses the

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

estimated risk-free rate for a period comparable to the lease term as the discount rate for its leases.

Extension options: The leases do not include an option to extend the lease at the end of the term of 3 years.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense for the year ended March 31, 2025, amounts to \$55,352. The Company records operating lease expense in the statements of loss within selling, general and administrative expense.

On adoption of topic ASC 842 “Leases”, balance sheet information as of March 31, 2025, and March 31, 2024, related to operating leases are shown below:

Right of use assets- operating lease is summarized as under:

Particulars	As at March 31, 2025	As at March 31, 2024
Assets		
Right of use asset, net	737,741	-
Total lease assets	737,741	-
Liabilities		
Lease liabilities, current portion	237,564	-
Lease liabilities, net of current portion	531,922	-
Total lease liabilities	769,486	-

Supplemental cash flow information related to operating was as follows:

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Cash paid for amounts included in measurement of lease liabilities	23,606	-

Maturities of lease liabilities ending are as follows:

Year ended March 31	Amount
2026	263,766
2027	275,940
2028	274,541
Total minimum lease payments	814,247
Less: Interest	44,761
Total operating lease liability	769,486

NOTE H - INTANGIBLES

Intangible assets comprise the following:

As at March 31, 2025:

	Life in years	Gross carrying amount	Accumulated amortization	Net carrying amount
Internal use software	3	972,492	(408,322)	564,170
Total		972,492	(408,322)	564,170

TCL North America Inc.
Financial Statements
March 31, 2025, and March 31, 2024

As at March 31, 2024:

	Life in years	Gross carrying amount	Accumulated amortization	Net carrying Amount
Internal use software	3	616,362	(171,476)	444,885
Total		616,361	(171,476)	444,885

Amortization expense for the year ended March 31, 2025, amounted to \$236,846 and for the year ended March 31, 2024, amounted to \$122,347. The Company's estimate of annual amortization expenses for the next three years for intangible assets is as follows:

Year ended March 31,	Amount
2026	260,541
2027	195,644
2028	107,985
Total	564,170

NOTE I - TRANSACTION WITH RELATED PARTY UNDER COMMON CONTROL

During the financial year ended March 31, 2025, the Board of Directors of Titan Company Limited, India approved a strategic restructuring of its U.S. operations. As part of this restructuring, all operational activities previously conducted by StudioC Inc. (fellow subsidiary) were transitioned to TCL North America Inc.

CaratLane Trading Private Limited, which had been carrying out business activities in the U.S. through StudioC Inc., entered into an agreement with TCL North America Inc. to transfer the inventory and intangibles of StudioC Inc. to TCL North America Inc.

In accordance with U.S. GAAP guidance for common control transactions, the intangibles and inventories acquired were accounted at the carrying value, respectively, under Intangible, net and Inventories in the balance sheet and the amount exceeding the carrying value of the acquired assets was recorded as an adjustment to Additional Paid-In Capital (APIC).

Intangibles of \$1,451,460 were acquired through the non-cash transaction from the related party, including \$306,507 recognized at carrying value in Intangibles, net under balance sheet and \$1,144,953 transferred to APIC.

Particulars	Total consideration	Cost	Additional paid in capital
Purchases of intangibles	1,451,460	306,507	1,144,953
Purchases of inventory	2,045,558	1,948,150	97,408
Total	3,497,018	2,254,657	1,242,361

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at March 31, 2025	As at March 31, 2024
Provisions	5,096,957	3,824,183
Advances from customers	590,645	291,896
Value added tax	668,875	326,251
Hedging liability	8,044,721	2,160,373
Other financial liabilities	2,133,526	225,974
Provision for tax	1,921	1,806
Total	16,536,645	6,830,483

NOTE K -BORROWINGS

	As at March 31, 2025	As at March 31, 2024
Credit facility	101,000,000	51,000,000
Total	101,000,000	51,000,000

On December 29, 2022, TCL North America Inc. secured an uncommitted short-term loan facility from JPMorgan Chase Bank at an interest rate of 5.61% per annum to support its working capital requirements. As of March 31, 2025, the interest rate on this facility was reduced to 5.27% per annum. This facility is backed by a corporate guarantee from Titan Company Limited, the parent company, valid until December 2024. Thereafter, it is supported by a letter of comfort issued by the parent company to the bank. Out of the total available limit of \$24,000,000, TCL North America Inc. has utilized \$6,000,000 as of the reporting date.

In addition to this facility, During the year ended March 31, 2024, TCL Inc. also entered into a new revolving credit agreement with Bank of America, securing a facility of \$30,000,000 at interest rate of 6.12% per annum to further support its liquidity and operational flexibility. The interest rate has been decreased to 5.2% per annum as of March 31, 2025.

Further, an addendum was made to this arrangement during year ended March 31, 2025, increasing the available credit limit to \$100,000,000 of which the Company utilized \$95,000,000 as at March 31, 2025.

The interest expense associated with these credit facilities for the year amounted to \$3,342,024 and for the year ended March 31, 2024, amounted to \$434,659.

NOTE L -INVESTMENTS

	As at March 31, 2025	As at March 31, 2024
Current investments		
Investment in Great Heights Inc.	20,000,000	20,000,000
Loan given	-	2,000,000
Accrued interest on loan	-	101,260
Impairment provision	(20,000,000)	(21,522,048)
Total current investments	-	579,212
Non-current investment		
Investment in CueZen Inc.	3,500,000	3,500,000
Total non-current investment	3,500,000	3,500,000
Total	3,500,000	4,079,212

On March 14, 2022, the Company invested \$20,000,000 through the purchase of 4,000,000 shares of Series A3 voting preferred stock in Great Heights Inc., with a par value of \$0.001 per share and a purchase price of \$5 per share. Great Heights Inc. is a corporation incorporated in the United States of America and is engaged in the retail business of lab-grown diamonds (LGD) under the brand name “Clean Origin.” Additionally, the Company invested \$2,000,000 in the form of a loan provided to Great Heights Inc. in FY 2024. During the year, \$579,212 (classified as current investment in previous year) was recovered during the current year.

On December 20, 2023, the Company invested \$3,500,000 in CueZen Inc. by purchasing 6,194,690 shares of Seed 1 voting preferred stock, each with a par value of \$0.00001 and a purchase price of \$0.60 per share, thereby, acquiring 10% total shareholding and this being lower than 20 % the same is not treated neither as associate nor subsidiary.

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

CueZen Inc., a U.S.-based corporation, focuses on research related to smartwatches, aligning strategically with the parent company Titan's interests.

Provision for impairment

As a result of the impairment analysis, a provision for impairment of \$20,000,000 has been established for the carrying value of the investment in Great Heights Inc. as of March 31, 2025. This provision is based on management's best estimate of the non-recoverable amount.

Particulars	Amount
Opening impairment provision as at April 01, 2024	21,522,048
Loan written off (net of recovery)	(1,420,788)
Accrued interest written off	(101,260)
Closing provision balance as at March 31, 2025	<u>20,000,000</u>

NOTE M - FAIR VALUE MEASUREMENT

The following table presents liabilities as of March 31, 2025, and March 31, 2024, that are measured and recognized at fair value on recurring basis.

	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Balance as on March 31, 2024	-	2,160,373	-
Loss on hedge contracts	-	5,884,347	-
Balance as on March 31, 2025	-	8,044,720	-

The Company has entered into hedging contracts to protect against fluctuations in the price of gold. The fair value of the hedge contracts is the estimated amount that the Company would receive or pay to terminate such agreement, taking into account market rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for the bid-ask spread. The Company has recorded an unrealized loss of \$9,970,022 for the hedging contracts outstanding as at March 31, 2025, and \$1,789,050 as at March 31, 2024.

Other than above the Company's financial instruments consist of cash and cash equivalents, accounts payable, related party balances and other accrued liabilities. The estimated fair value of these financial instruments approximates their carrying amounts due to the nature of these instruments. None of these instruments are held for trading purposes.

NOTE N - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America

	Year ended March 31, 2025	Year ended March 31, 2024
Current taxes		
State	4,043	2,573
Total	<u>4,043</u>	<u>2,573</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

TCL North America Inc.
Financial Statements
March 31, 2025, and March 31, 2024

	As at March 31, 2025	As at March 31, 2024
Deferred tax assets		
Start-up cost capitalized under Internal Revenue Code Section 19	40,541	45,295
Provision for impairment-Loan to Great Height Inc	376,492	388,488
Provision for impairment-Investment in Great Height Inc	5,299,758	5,468,622
Accrued expenses	-	-
Accrued interest on account payable to Titan India	217,593	439,833
Accrued interest on account payable to Titan Global		
Retail Limited	212,857	84,329
Royalties	39,095	-
Inventory provision	678,151	-
Others	-	5,032
Lease liability	203,902	-
Net operating losses	5,001,728	1,418,139
Total deferred tax assets	12,070,117	7,849,738
Deferred tax liabilities		
Equipment	(15,236)	(12,897)
Right of use asset, net	(195,490)	-
Intangibles	(6,161)	-
Unrealized gain or loss	(1,861,418)	(404,633)
Total deferred tax liabilities	2,078,305	(417,530)
Net deferred tax assets	9,991,812	7,432,208
Less: valuation allowance	(9,991,812)	(7,432,208)
Total	-	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change. The management believes it is more likely than not that the deferred tax assets will not be realized in the foreseeable future and accordingly a valuation allowance of \$ 9,991,812 and \$ 7,432,208 has been created as at March 31, 2025, and March 31, 2024.

The Company has federal NOLs of \$18,760,593 and \$5,549,641 as at March 31, 2025, and March 31, 2024, respectively.

Accounting for uncertain tax position

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows.

The tax year 2021 to 2023 remain subject to examination by the taxing authorities.

NOTE O - REVENUE FROM OPERATIONS

The following table presents revenue disaggregated by source of revenue, which are recognised at the point in time when control of the goods is transferred to the customer in the regions of USA:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products, net	100,099,232	41,471,195
Total	100,099,232	41,471,195

NOTE P - OTHER EXPENSES

The following table represents other expenses recognized during the year:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Provision for diminution in the value of investment	-	21,420,788
Realized hedging loss	5,884,347	872,807
Unrealized hedging loss	9,970,022	1,789,050
Total	15,854,369	24,082,645

NOTE Q - RELATED PARTY TRANSACTIONS

Name of related parties and nature of relationship:

- a) Titan Company Limited – Parent Company
- b) Titan Global Retail Limited- Affiliate Company
- c) StudioC Inc – Fellow subsidiary
- d) Carat Lane Trading Private limited – Fellow subsidiary

	For the year ended March 31, 2025	For the year ended March 31, 2024
Transactions during the year:		
Titan Company Limited		
Expenses billed during the year	1,683,717	292,107
Purchase of goods	74,223,871	49,211,481
Interest expense on accounts payable	821,141	1,608,489
Intercompany corporate expenses	81,326	39,782
Commission on corporate guarantee	147,133	12,744
Capital purchases	872	462,833
Freight expenses	32,822	-
Titan Global Retail Limited		
Purchase of goods	34,920,906	15,931,291
Interest expense on accounts payable	803,272	308,409
Freight expenses	8,113	-
Studio C Inc		
Purchase of goods	2,045,558	-
Purchases of customer base	818,927	-

TCL North America Inc.
Financial Statements
March 31, 2025, and March 31, 2024

Purchases of tangible assets	8,006	-
Purchases of intangible assets	632,533	-

Carat Lane Trading Private Limited.

Purchase of goods	1,197,427	-
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	As at March 31, 2025	As at March 31, 2024
Balance due		
Titan Company Limited		
Accounts payable	13,169,915	1,902,228
Accrued interest and outstanding liabilities (included under other current liabilities)	935,289	1,661,467
Titan Global Retail Limited		
Accounts payable	1,794,161	15,574,900
Accrued interest and outstanding liabilities (included under other current liabilities)	811,385	308,409
Studio C Inc		
Accounts payable	1,334,675	-
Carat Lane Trading Private limited.		
Accounts payable	20,890	-

NOTE R - RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan, and the impact on consumer spending.

The Company's operations are subject to complex trade, customs, and tax laws across the jurisdictions in which it operates. The United States of America ("U.S.") has recently implemented, or proposed, substantial tariffs on goods imported from several countries, including India. As the Company exclusively sources its inventory from its parent company, Titan Company Limited, which is a jewelry company based in India, any such tariffs or future trade restrictions may materially affect the Company's cost of goods and operating results. Furthermore, the evolving political and regulatory environment, including changes to U.S. foreign policy and trade relationships, continues to create significant uncertainty. While the Company is actively monitoring these developments, the ultimate impact on its operations cannot be predicted at this time but may be material.

Luxury products, such as diamonds and fine jewelry, are discretionary purchases for consumers. General economic factors may materially and adversely affect the financial performance and results of operations such as a decline in the number of marriages or reductions in consumer spending or disposable income may affect the Company more significantly than companies in other industries and companies with a more diversified product offering. In addition, negative global economic conditions may materially and adversely affect the Company's suppliers' financial performance, liquidity, and access to capital. This may affect the ability to maintain the inventories, production levels and product quality, and could cause the Company to raise prices, lower production levels or cease their operations.

TCL North America Inc.

Financial Statements

March 31, 2025, and March 31, 2024

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes could substantially harm the business and results of operations. Purchasers of diamonds and fine jewelry may not choose to shop online, which would prevent the Company from growing their business. The Company's success will depend, in part, on their ability to attract consumers who have historically purchased fine jewelry through traditional retailers. Furthermore, the Company may have to incur significantly higher and more sustained advertising and promotional expenditures or price the products more competitively than they currently anticipate in order to attract additional online consumers to their websites and convert them into purchasing customers. Specific risks include concerns about buying luxury products such as fine jewelry without a physical storefront, face-to-face interaction with sales personnel and the ability to physically handle and examine products; delivery time associated with Internet orders; product offerings that do not reflect consumer tastes and preferences; pricing that does not meet consumer expectations; concerns about the security of online transactions and the privacy of personal information; delayed shipments or shipments of incorrect or damaged products; inconvenience associated with returning or exchanging Internet purchased items; and usability, functions and features of our websites.

Increased product returns and the failure to accurately predict product returns could substantially harm the business and results of operations. The Company generally offers the customers an unconditional 15-day return policy that allows the customers to return most products if they are not satisfied for any reason. The Company makes allowances for product returns in the financial statements based on historical return rates and current economic conditions. Actual merchandise returns are difficult to predict and may differ from the allowances recorded. Any significant increase in merchandise returns above the allowances would substantially harm the business and results of operations.

NOTE S - SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after March 31, 2025, up to the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any events or transactions that should require recognition or disclosure in the financial statements.