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Public Accounting Firm (FRM)

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Independent Auditor's Report

To,
Zen Technologies USA Inc
3275 Progress Drive, Suite D,
Orlando, FL 32826, USA

Kind Attention: Mr. Satish Atluri

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zen Technologies USA Inc., which comprise the balance sheet as of March 31, 2026, and the related statement of operations, changes in shareholders equity, 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 Zen Technologies USA Inc as of March 31, 2026, 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 Zen Technologies USA Inc 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zen Technologies USA Inc's ability to continue as a going concern for the foreseeable future.

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 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 Zen Technologies USA Inc'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 Zen Technologies USA Inc'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.

For P & G Associates, PLLC
Public Accounting Firm

Venkat
____
Srinivasa Venkat, CPA
Date: April 30, 2026

Zen Technologies USA, Inc.

Financial Statements for the year ended

March 31, 2026

Satish Atluri

Zen Technologies USA, Inc.

Balance Sheet

All amounts in US$

Particulars	Note	As of March 31, 2026	As of March 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents	3	3,170,546	324,635
Other bank balances	4	6,000,000	9,600,000
Other current assets	5	84,120	32,614
Total of current assets		**9,254,666**	**9,957,249**
Non-current assets			
Property, plant and equipment, net	6	14,342	1,754
Operating lease assets	7	439,485	538,334
Other assets	8	10,086	10,177
Total of non-current assets		**463,913**	**550,265**
TOTAL OF ASSETS		**9,718,579**	**10,507,514**
LIABILITES			
Current liabilities			
Accounts payable	9	32,045	78,766
Lease liabilities	7	101,382	91,682
Other current liabilities	10	10,066	21,362
Total of current liabilities		**143,493**	**191,810**
Non-current liabilities			
Lease liabilities	7	346,310	447,692
Total of non-current liabilities		**346,310**	**447,692**
TOTAL OF LIABILITIES		**489,803**	**639,502**
SHAREHOLDERS' EQUITY			
Common stock		9,122,858	9,122,858
Additional paid-in-capital		2,857,143	2,857,143
Retained earnings		(2,751,225)	(2,111,988)
Total of Shareholders' equity		**9,228,776**	**9,868,013**
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		**9,718,579**	**10,507,514**

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.

Satish Atluri

Mr. Satish Atluri

Director

Dt. April 30, 2026

Zen Technologies USA, Inc.

Statement of operations

All amounts in US$

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
REVENUE			
Service Income		-	-
		-	**-**
OPERATING EXPENSES			
Sales and marketing expenses	11	303,903	196,379
Depreciation	6	2,896	1,838
Other administrative spends	12	569,508	348,541
TOTAL OF OPERATING EXPENSES		**876,307**	**546,758**
OPERATING LOSS		**(876,307)**	**(546,758)**
OTHER NON-OPERATING INCOME			
Interest income		237,070	32,727
LOSS BEFORE TAXES		**(639,237)**	**(514,031)**
Current and deferred tax	13	-	-
LOSS AFTER TAX		**(639,237)**	**(514,031)**
EARNINGS PER SHARE	14		
Basic earnings per share		(0.07)	(0.06)
Diluted earnings per share		(0.07)	(0.06)

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.

Satish Atluri

Mr. Satish Atluri
Director

Dt. April 30,2026

Zen Technologies USA, Inc.

Statement of changes in shareholders' equity

All amounts in US$

Particulars	Common stock	Additional Paid in Capital	Retained earnings	Total
Balance as of April 01, 2024	**1,980,001**	**-**	**(1,597,957)**	**382,044**
Capital issued during the year	7,142,857	2,857,143	-	10,000,000
Loss incurred during the year	-	-	(514,031)	(514,031)
Balance as of March 31, 2025	**9,122,858**	**2,857,143**	**(2,111,988)**	**9,868,013**
Loss incurred during the year	-	-	(639,237)	(639,237)
Balance as of March 31, 2026	**9,122,858**	**2,857,143**	**(2,751,225)**	**9,228,776**

Shareholders' equity comprises of common stock and retained earnings. Common stocks are subordinate to all other class of stock. Each holder of shares of common stock shall be entitled to vote for each share thereof held. Total authorized capital of the Company as at end of the year March 31, 2026 includes 20,000,001 (previous year: 20,000,001) common stock of face value of US$ 1.00 per common stock. The issued, subscribed and paid-up capital comprises of 9,122,858 (previous year: 9,122,858) common stock of face value of US$ 1.00 per common stock issued to Zen Technologies Limited, India.

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.

Satish Atluri

Mr. Satish Atluri
Director

Dt. April 30, 2026

Zen Technologies USA, Inc.

Statement of cash flows

All amounts in US$

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flow from operating activities		
Profit/(loss) before tax	(639,237)	(514,031)
Adjustment for non-cash and other items		
- Depreciation expense	2,896	1,838
- Net non-cash lease expense	6,947	21,415
- Interest income	(236,626)	(32,727)
Adjustment for changes in working capital		
- (decrease) / increase in accounts payable	(46,721)	78,766
- (decrease) / increase in other liabilities and provisions	(11,296)	(2,562)
- Decrease / (increase) in other assets	(51,193)	(32,212)
Net cash flow from operating activities	**(975,230)**	**(479,513)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(15,485)	(576)
Security deposits	-	(10,188)
Net cash flow from investing activities	**(15,485)**	**(10,764)**
Cash flow from financing activities		
Interest income	236,626	32,727
Issue of common stock	-	10,000,000
Net cash flow from financing activities	**236,626**	**10,032,727**
Net change in cash and cash equivalents	**(754,089)**	**9,542,450**
Cash and cash equivalents at the beginning of the year	9,924,635	382,185
Cash and cash equivalents at the end of the year	**9,170,546**	**9,924,635**

The accompanying notes form an integral part of these financial statements

For Zen Technologies USA, Inc.

Satish Atluri

Mr. Satish Atluri
Director

Dt. April 30, 2026

Zen Technologies USA, Inc.

Notes to financial statements

1. **Nature of operations**

   Zen Technologies USA, Inc. (hereinafter referred to as "The Company") was incorporated on March 09, 2018, a as a C-Corp with registered office situated at 1000 N. West Street, Suite 1200, Wilmington, Delaware 19801, United States of America (USA).

   The principal activity of the Company is the global distribution of combat training products to defense and security sectors. The Company initially anticipated commencing commercial operations during the fiscal year 2025-26. However, pending the receipt of requisite regulatory certifications from the United States Government, the commencement of commercial production has been deferred to the fiscal year 2026-27. The financial statements have been prepared on a going concern basis, supported by a formal commitment from the parent entity to provide the necessary financial assistance to enable Zen Technologies USA, Inc. to meet its obligations for a period of at least twelve months from the balance sheet date.

2. **Significant accounting policies**

   These financial statements as at and for the year ended March 31, 2026 have been prepared in accordance with the accounting principles generally accepted in Unites States (US GAAP).

   a. **Basis of preparation**

   These financial statements have been prepared for the Company as a going concern on the basis. The accounting policies have been consistently applied by the Company.

   b. **Use of estimates & judgments**

   The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results April differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

   c. **Cash and cash equivalents**

   Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

   d. **Accounts payables**

   Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is expected within one year or within the normal operating cycle of the business.

   e. **Debt instruments and other financial liabilities**

   The Company initially recognizes debt instruments issued on the date that they originate. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. These are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Satish Atluri

Zen Technologies USA, Inc.

Notes to financial statements

2. Significant Accounting Policies (continued…)

f. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Compensated absences

The company's leave policy doesn't permit carryover of leaves to the subsequent periods. Therefore, no amounts for compensated absences have been accrued.

g. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

h. Income taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognized where realization is reasonably certain.

i. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Satish Atluri

Zen Technologies USA, Inc.

Notes to financial statements

3. Cash and cash equivalents

Cash and cash equivalents include:

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Bank balances	3,170,546	324,635
Total of cash and cash equivalents	**3,170,546**	**324,635**

The above bank balances are free of any restrictions.

4. Other bank balances

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Bank balances in term deposit accounts	6,000,000	9,600,000
Total of other bank balances	**6,000,000**	**9,600,000**

Other bank balances include term deposits with banks with maturity of more than 3 months and less than 12 months from the date of investment. The term deposit carries an annualized interest rate of 3.63% payable at maturity.

5. Other current assets

Other current assets include:

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Interest accrued but not due	84,120	32,614
Total of other current assets	**84,120**	**32,614**

6. Property, plant and equipment, net

All amounts in US$

Particulars	Computers	Furniture	Total
Gross block			
As of April 01, 2025	29,292	-	29,292
Additions	11,784	3,701	15,485
As of March 31, 2026	**41,076**	**3,701**	**44,777**
Accumulated depreciation			
As of April 01, 2025	27,539	-	27,539
Charge for the period	2,160	736	2,896
As of March 31, 2026	**29,699**	**736**	**30,435**
Net block			
As of March 31, 2026	**11,377**	**2,965**	**14,342**
As of March 31, 2025	1,753	-	1,753

Satish Atluri

6. Property, plant and equipment, net (continued…)

All amounts in US$

Particulars	Computers	Plant and machinery	Total
Gross block			
As of April 01, 2024	28,729	-	28,729
Additions	564	-	564
As of March 31, 2025	**29,292**	**-**	**29,292**
Accumulated depreciation			
As of April 01, 2024	25,792	-	25,792
Charge for the period	1,748	-	1,748
As of March 31, 2025	**27,539**	**-**	**27,539**
Net block			
As of March 31, 2025	**1,753**	**-**	**1,753**
As of March 31, 2024	2,937	-	2,937

7. Lease assets and liabilities

The Company entered into an operating lease agreement primarily for office purposes. The cost recognized in the statement of operations is US $ 129,809 (previous year: 21,415).

As of the balance sheet date, the company has no finance leases. The supplemental information on operating leases is as follows:

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Weighted average remaining lease term (in years)	3.83	4.83
Weighted average discount rate	6.26%	6.26%
Asset		
Operating lease assets	439,485	538,334
Liabilities		
Accrued expenses and other liabilities	-	17,523
Operating lease liabilities	447,692	539,374
Total lease liability	**447,692**	**556,897**

Supplemental cash flow information related to leases was as follows:

All amounts in US$

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Operating cash flows used for operating leases	122,862	21,415
Of the above, assets amortization charge of operating lease asset is	98,629	18,783

Satish Atluri

7. Lease assets and liabilities, net (continued…)

Future lease payments as of March 31, 2026:

All amounts in US$

Particulars	Operating lease
2026-27	126,548
2027-28	130,344
2028-29	134,255
2029-30	114,662
Total	**505,809**
Less: Imputed Interest	(58,117)
Total lease liability	**447,692**
Less: current lease liability	(101,382)
Non-current lease liability	**346,310**

8. Other assets

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Prepaid lease	2,064	2,603
Security deposits	8,022	7,574
Total of other assets	**10,086**	**10,177**

9. Accounts Payable

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Accounts payable	32,045	78,766
Total of accounts payable	**32,045**	**78,766**

10. Other current liabilities

Other current liabilities comprise of:

All amounts in US$

Particulars	As of March 31, 2026	As of March 31, 2025
Audit fees payable	3,500	3,500
Credit card payable	6,566	7,676
Lease payables	-	10,186
Total of other current liabilities	**10,066**	**21,362**

Satish Atluri

Zen Technologies USA, Inc.

Notes to financial statements

11. Sales and marketing expenses

Sales and marketing costs majorly includes costs incurred for trade shows at various place to showcase company's defense training system and products viz., live fire, live instrumented, virtual and constructive training systems for individual and collective training of security and defense forces.

All amounts in US$

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Exhibition stall expenses	289,084	52,095
Marketing strategist costs	14,819	100,250
Other marketing expenses	-	44,340
Total of sales and marketing expenses	**303,903**	**196,379**

12. Other administrative spends

All amounts in US$

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Travel spends	18,987	3,279
Audit fees	3,500	3,500
Legal expense	17,372	-
Professional charges	348,822	287,110
Rates and taxes	2,059	3,697
Rent - short term lease	1,629	5,778
Bank charges	375	235
Office maintenance	31,108	12,869
Printing and Stationary	1,181	4,249
Due and subscription	2,310	5,975
Operating lease expense	129,809	21,415
Other expenses	12,356	434
Total of other administrative spends	**569,508**	**348,541**

13. Income taxes

The current tax expense for the year ended March 31, 2026 is Nil (previous year: Nil). Deferred tax has not been recorded in the financial statements for the year ended March 31, 2026, and 2025 due to uncertainty of future profitability.

14. Earnings per share

Particulars	For the year ended March 31, 2026	For the year ended March, 31 2025
Profit/(Loss) attributable to shareholders of the compa	(639,237)	(514,031)
Weighted average number of shares	9,122,858	9,122,858
Earnings per share – Basic	(0.07)	(0.06)
Earnings per share – Diluted	(0.07)	(0.06)

15. Related party disclosures

a) List of related parties:

Nature of related party relationship	Name of the related party
i) Holding Company	Zen Technologies Limited, India
ii) Key managerial personnel (KMPs)	Ashok Atluri, Director Satish Atluri, Director

Satish Atluri

16. Related party disclosures (Continued…)

b) Transactions with related parties

	For the year ended March 31, 2026	For the year ended March 31, 2025
Proceeds from issue of common stock to parent company	-	10,000,000

c) Balance outstanding at the end of the year

Particulars	As at March 31, 2026	As at March 31, 2025
Payable to KMPs	-	-

17. Fair value measurements of financial instruments

The carrying amounts of cash, receivables and payables in the financial statements approximate their fair values due to the short-term nature of these financial instruments. Short-term borrowing comprises of loan from holding company payable on demand. Because of its short-term nature, the carrying amount of the short-term debt also approximates fair value.

The Company maintains bank balance and bank deposits that frequently exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to $250,000. As of March 31, 2026, the Company's uninsured balances subjected to credit risk were approximately $8,920,546.

18. Contingencies

In the normal course of business, the Company is named in legal proceedings. There are currently no material legal proceedings pending with respect to the Company.

Loss contingency provisions are recorded if the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated. If a potential loss is considered probable but only a range of loss can be determined, the low-end of the range is recorded. These accruals, if any, represent management's best estimate of probable loss. Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the amount recorded. Significant judgment is required in both the determination of probability of loss and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to claims and litigation and April revise our estimates. The Company reevaluates its exposures on a periodic basis and adjusts reserves as appropriate.

19. Going concern assumption

The Company does not have an active revenue stream. It has been incurring marketing spends and has recently participated in the International Exhibition to showcase its products and services portfolio. It is trying its best to secure customer orders. It is investing in building its presence in the United States market with the hope of generating future revenue stream. The Company's Parent - Zen Technologies Limited, India is committed to provide funds as and when required to enable Zen Technologies USA, Inc. to continue as a going concern.

Satish Atluri

Zen Technologies USA, Inc.

Notes to financial statements

20. Subsequent events

In accordance with ASC 855 – Subsequent Events, the Organization evaluated subsequent events through **April 30, 2026,** the date these financial statements were made available for issuance.

For Zen Technologies USA, Inc.

Satish Atluri

Mr. Satish Atluri
Director

Dt. April 30, 2026