

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-42546

**FATPIPE, INC.**

(Exact name of registrant as specified in its charter)

<b>Utah</b> (State or other jurisdiction of incorporation or organization)	<b>27-1113325</b> (I.R.S. Employer Identification No.)
<b>392 East Winchester Street, Fifth Floor Salt Lake City, Utah</b> (Address of principal executive offices)	<b>84107</b> (Zip Code)

Registrant's telephone number, including area code: **(844) 203-6092**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, No Par Value Per Share	FATN	The NASDAQ Stock Market LLC (The NASDAQ Capital Market)

**Securities registered pursuant to Section 12(g) of the Act:**

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$0.

As of July 28, 2025, there were 13,826,468 shares of the Company's common stock issued and outstanding.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Consolidated Financial Statements**

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**FatPipe Inc and Subsidiaries  
Consolidated Balance Sheets**

	<b>June 30, 2025</b>	<b>March 31, 2025</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 5,906,988	\$ 2,920,550
Accounts receivable, net	3,966,695	3,764,945
Inventory	408,160	419,677
Other current assets	639,878	666,376
Contracts receivable - current, net	5,415,832	5,191,136
Total current assets	16,337,553	12,962,684
Property and equipment, net	92,791	57,844
Intangible assets, net	964,165	1,048,620
Operating lease right of use assets, net	1,361,468	1,455,373
Contracts receivable - non current, net	12,806,331	12,307,266
Other assets	379,156	379,077
Deferred tax asset	76,905	76,905
Total assets	\$ 32,018,369	\$ 28,287,769
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 310,227	\$ 437,253
Accrued expenses and other current liabilities	3,666,867	3,863,096
Deferred revenue	1,218,179	1,358,632
Operating lease liabilities, current	376,817	366,677
Notes payable, current	731,196	463,422
Total current liabilities	6,303,286	6,489,080
Notes payable, non-current	4,183,321	4,642,317
Operating lease liabilities, non-current	1,019,498	1,114,067
Other non-current liabilities	117,039	116,988
Total liabilities	11,623,144	12,362,452
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.01 par value; 50,000,000 shares authorized, 13,826,468 and 13,026,464 shares of common stock issued and outstanding as of June 30, 2025 and March 31, 2025, respectively	130,265	130,265
Additional paid-in capital	5,372,577	1,588,105
Retained earnings	11,847,258	11,106,063
Accumulated other comprehensive income	3,045,125	3,100,884
Total stockholders' equity	20,395,225	15,925,317
Total liabilities and stockholders' equity	\$ 32,018,369	\$ 28,287,769

**FatPipe Inc and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive Income**

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	
Revenues	\$ 3,935,923	\$ 3,750,319
Cost of revenues	226,934	283,680
Gross profit	3,708,989	3,466,639
Operating expenses:		
Sales and marketing	1,051,665	1,014,935
General and administrative	586,999	581,122
Product development	474,457	423,500
Employee cost	593,191	587,239
Total operating expenses	2,706,312	2,606,796
Income from operations	1,002,677	859,843
Other income (expense), net:		
Interest income	5,799	26,090
Foreign exchange gain/(loss)	17,792	(27,426)
Interest expense	(69,888)	(86,032)
Total other income (expense), net	(46,297)	(87,368)
Income before benefit/(provision) for taxes	956,380	772,475
Income tax benefit/(provision)	(215,185)	(163,398)
Net income	741,195	609,077
Less: Net loss attributable to non-controlling interests	-	(16,416)
Net income attributable to stockholders	\$ 741,195	\$ 625,493
Net income per common share - basic and diluted	\$ 0.05	\$ 0.05
Weighted average common shares outstanding - basic and diluted	13,826,468	12,449,308
Net income	\$ 741,195	\$ 609,077
Other comprehensive income		
Foreign currency translation adjustment	(55,759)	(87,255)
Total other comprehensive income, net of tax	(55,759)	(87,255)
Comprehensive income	685,436	521,822
Comprehensive loss attributable to non-controlling interests	-	(3,385)
Comprehensive income attributable to stockholders	\$ 685,436	\$ 518,437

**FatPipe Inc and its Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**

	Common stock		Additional paid in capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Fatpipe Stockholders' Equity	Non- controlling Interests	Total Equity
	Shares	Amount						
<b>Balance as of March 31, 2024</b>	12,449,308	\$124,493	\$1,517,753	\$ 9,040,515	\$ 3,254,706	\$ 13,937,467	\$ 112,654	\$14,050,121
Net income (loss)	-	-	-	625,493	-	625,493	(16,416)	609,077
Other comprehensive income	-	-	-	-	(83,390)	(83,390)	(3,865)	(87,255)
<b>Balance as of June 30, 2024 (unaudited)</b>	<u>12,449,308</u>	<u>\$124,493</u>	<u>\$1,517,753</u>	<u>\$ 9,666,008</u>	<u>\$ 3,171,316</u>	<u>\$ 14,479,570</u>	<u>\$ 92,374</u>	<u>\$14,571,944</u>
<b>Balance as of March 31, 2025</b>	13,026,464	\$130,265	1,588,105	\$11,106,063	\$ 3,100,884	\$ 15,925,317	\$ -	\$15,925,317
Issuance of shares pursuant to initial public offering	800,004	-	3,935,522	-	-	3,935,522	-	3,935,522
offering cost	-	-	(151,050)	-	-	(151,050)	-	(151,050)
Net income	-	-	-	741,195	-	741,195	-	741,195
Other comprehensive income (loss)	-	-	-	-	(55,759)	(55,759)	-	(55,759)
<b>Balance as of March 31, 2025 (unaudited)</b>	<u>13,826,468</u>	<u>\$130,265</u>	<u>\$5,372,577</u>	<u>\$11,847,258</u>	<u>\$ 3,045,125</u>	<u>\$ 20,395,225</u>	<u>\$ -</u>	<u>\$20,395,225</u>

**FatPipe Inc and its Subsidiaries**  
**Consolidated Statements of Cash Flows**

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 741,195	\$ 609,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91,957	133,545
Allowance for contract receivables	33,811	49,392
Changes in operating assets and liabilities:		
Accounts receivable	(201,750)	(301,098)
Contracts receivable	(757,572)	(546,374)
Inventories	11,517	24,994
Other assets	(79)	239
Other current assets	26,498	(66,467)
Accounts payable	(127,026)	(168,844)
Accrued expenses and other current liabilities	(196,229)	225,324
Deferred revenue	(140,453)	(190,188)
Other non current liabilities	51	(148)
Operating lease liability, net	9,476	(21,917)
Net cash used in operating activities	(508,604)	(252,465)
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(42,449)	(1,955)
Intangible assets	-	(3,000)
Net cash used in investing activities	(42,449)	(4,955)
<b>Cash Flows From Financing Activities</b>		
Repayment of debt	(191,222)	-
Issuance of shares pursuant to initial public offering	3,784,472	-
Net cash provided by financing activities	3,593,250	-
Effect of exchange rate changes on cash and cash equivalents	(55,759)	(87,256)
Net change in cash and cash equivalents	2,986,438	(344,676)
Cash and cash equivalents:		
Beginning of the period	2,920,550	1,112,519
End of the period	\$ 5,906,988	\$ 767,843
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 69,888	\$ 302,124

**FatPipe and its Subsidiaries**  
**Notes to Consolidated Financial Statements**

**NOTE 1 : SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Company Overview and Significant Accounting Policies**

**(A) Company Overview**

FatPipe Inc. (“FatPipe” or the “Company” or “us” or “we” or “our”) is a leading developer of enterprise-class, application-aware, secure software-defined wide area network (“SD-WAN”) solutions for organizations, including enterprises, communication service providers, security service providers, government organizations, and other middle-market companies.

FatPipe holds thirteen software and technology patents, which it leverages through an integrated suite of software solutions to offer our customers a reliable, accelerated and secure platform to support mission-critical applications running on cloud, hybrid cloud and on-premises networks. Its core offerings include SD-WAN, secure access service edge (“SASE”), and network monitoring service (“NMS”) software solutions, each of which is typically offered to customers as a subscription service. These solutions address a broad set of network management needs and include an integrated set of capabilities designed to manage multi-line network traffic and routing.

FatPipe sells in geographies around the world, with its largest customer populations located in the United States and South Asia. It plans to continue expanding its presence throughout North America and parts of Southeast Asia.

*Initial Public Offering*

On April 7, 2025, we entered into an underwriting agreement (the “Underwriting Agreement”) with D. Boral Capital LLC, as representative (the “Representative”) of the underwriters named therein (the “Underwriters”), pursuant to which the Company agreed to sell to the Underwriters, in a firm commitment initial public offering (the “Offering”), an aggregate of 695,656 shares of the Company’s common stock, no par value per share (the “Common Stock”), at an initial public offering price of \$5.75 per share. The Common Stock was offered pursuant to a registration statement on Form S-1, as amended (File No. 333-280925), originally filed with the U.S. Securities and Exchange Commission (the “Commission”) on July 19, 2024, as amended, and which was declared effective by the Commission on February 12, 2025. A post effective amendment to the registration statement related to the Offering was filed with the Commission on March 11, 2025, and which was declared effective by the Commission on March 17, 2025.

On April 9, 2025, the Company closed the Offering and the Company issued and sold an aggregate of 791,024 shares of common stock. The total gross proceeds to the Company from the Offering, which does not include a potential exercise of the underwriter’s over-allotment option, and before deducting discounts and expenses, were approximately \$4,500,000. The Company received net proceeds of approximately \$3,700,000 pursuant to the Offering.

A final prospectus relating to this Offering was filed with the Commission on April 7, 2025. The Common Stock was previously approved for listing on The Nasdaq Capital Market and commenced trading under the ticker symbol “FATN” on April 8, 2025.

**(B) Significant Accounting Policies**

**Basis of Preparation of Financial Statements**

This summary of significant accounting policies of FatPipe is presented to assist in understanding the Company’s consolidated financial statements. The consolidated financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

**Use of Estimates**

The preparation of Company’s consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, reported amounts of revenues and expenses during the reporting period.

These estimates are based upon information available through the date of the issuance of the financial statements and actual results could differ from those estimates. Areas requiring significant estimates and assumptions by the Company include, but are not limited to:

- Fair value of long-term debt and notes receivable.
- Recognition of revenue
- Credit loss on trade receivables and contract receivables.
- Valuation of inventory
- Recoverability of long-lived assets including intangible assets and their related estimated lives; and
- Accruals for estimated liabilities such as property tax accruals and litigation settlement accruals.
- Accruals for income tax and deferred tax.
- Determination of standalone selling price of performance obligations for revenue contracts with multiple performance obligations.

Actual results could differ from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, which forms the basis for making judgments about the carrying values of assets and liabilities.

### **Principles of Consolidation**

These financial statements include the accounts of FatPipe, Inc. and its wholly and majority owned subsidiaries, FatPipe Technologies, Inc. and FatPipe Networks Private Limited. All significant intercompany transactions and balances have been eliminated.

As of March 31, 2024, the Company owned 95.6% of the outstanding shares of capital stock of FatPipe Networks Private Limited (“Limited”) and remaining 4.4% of the outstanding shares of capital stock of Limited were owned by certain individual stockholders (collectively, the “Limited non-controlling interests”). In July 2024, pursuant to the terms of a stock purchase and sale agreement, the Company issued an aggregate of 577,156 shares of common stock in exchange for the Limited non-controlling interests. As of June 30, 2025, Limited was a wholly-owned subsidiary of the Company (see Note 3).

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

### **Comprehensive Income**

Comprehensive income includes net income as well as other changes in Stockholders’ equity that result from transactions and economic events other than those with stockholders.

### **Segment Reporting**

In accordance with ASC 280, Segment Reporting (“ASC 280”), we identify our operating segments according to how our business activities are managed and evaluated. The Company’s chief operating decision-maker is its Chief Executive Officer, who makes resource allocation decisions and assesses performance based on financial information presented on an aggregate basis. There are no segment managers who are held accountable by the chief operating decision-maker, or anyone else, for any planning, strategy and key decision-making regarding operations. We have determined that each of our products and services share similar economic and other qualitative characteristics, and therefore the results of our operating businesses are aggregated into one reportable segment. All of the operating businesses have met the aggregation criteria and have been aggregated and are presented as one reportable segment, as permitted by ASC 280. We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact our reportable segments.

### **Revenue Recognition**

Effective January 1, 2020, the Company adopted Financial Accounting Standards Board (FASB), Accounting Standard Updates (ASU) No. 2014-09, Revenue from Contracts with Customers and the related amendments, which are codified into Accounting Standard Codification (ASC) 606 Revenue from Contracts with Customers., which establishes a broad principle that requires entities to assess the products or services promised in contracts with customers at contract inception to determine the appropriate unit at which to record revenues, which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those products or services. The new standard supersedes GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the previous standards. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

ASC 606 may be applied either retrospectively or through the use of a modified-retrospective method. The full retrospective method requires companies to recast each prior reporting period presented as if the new guidance had always existed. Under the modified retrospective method, companies recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings at the date of initial application. The Company adopted ASC 606, Revenue from Contracts with Customers, on January 1, 2020, using the modified retrospective method, the impact of which was not material to the Company.

To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606 Revenue from Contracts with Customers, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract was determined to be within the scope of ASC 606, Revenue from Contracts with Customers, the Company assessed the goods or services promised within each contract and determined those that were performance obligations, and assessed whether each promised good or service was distinct.

The company recognizes three types of revenues as explained below;

Product Revenue is for a network server running FatPipe software with contract term of 36 to 60 months. Each contract has a description of the goods and services to be delivered, the term of the contract, and payment terms. We assess relevant contractual terms in our customer contracts to determine the standalone selling price of each of the performance obligation. We apply judgment in identifying contractual terms and determining the transaction price. The Company’s performance obligations are to transfer control of the software delivered on a network server with customer-specific configurations. In addition, the Company provides technical support which includes implementation, configuration and training services over the term of the contract. Additionally, as per the options for determining standalone selling price in ASC 606-10-32-32 to 32-35, in respect to the contract with multiple performance obligations of delivery of software license and technical support; including implementation into customer networks, configuration of the software, and training services to train the customer on how to use the software, we have selected the cost of technical support personnel, plus a 20% margin for support services, and the balance contract value as the standalone selling price for delivery of product and software license, so that it can be consistently applied for each financial year.

The contract’s initial term is non-cancellable and does not have a refund or cancellation provision. The customer enjoys the use of the product and associated service for the Term in exchange for monthly payments or upfront payment made for the term of the contract. The revenue is recognized upon transfer of control of the software and network server to the customer or to staging when the customer requests staging and custom configuration of the software and network server. The software license revenue in our product arrangements is recognized at a point-in-time when the software solution has been delivered or ownership has been transferred.

The service and support revenue is recognized over the term of the contract. An imputed interest charge is recognized in income using the interest method in respect of the inherent interest arising from the payment terms. The balance sheet account “Contract receivable” represents “Unbilled receivable” in connection with the revenue recognized upfront upon transfer of control of the software and the network server to the customer. The same shall be transferred to Accounts Receivable on a monthly basis over the contract term. Cash is received based on our payment terms which is typically 30-90 days.

We provide service/support options for our customers. The first support option is 36 to 60 months paid monthly, or secondly, 12 months paid upfront. For the 36-to-60-month service contracts paid monthly, the service revenue is recognized over the term of the contract. as discussed above and is part of our product offering. The 12-month service option revenue is deferred and recognized ratably over the 12-months, and is referred to in the balance sheet as “Deferred Revenue”.

Our service offerings complement our products through a range of consulting, we provide a broad range of service and support options to our customers. Consulting agreements are usually of 12 months term with options to extend. We also provide comprehensive advisory services that are focused on responsive, preventive, and consultative support of our technologies for specific networking needs. Total contract term may be up to 5 years. Customers are billed monthly based on the hours expended on customers’ behalf. Revenue is recognized on a monthly basis. Payment terms vary from 30 to 45 days from invoice date based on the customer/partner. In the below table, short term RPO will be recognized over the next 12 months, while long-term RPO will be recognized over the 36-60 month term of the contracts.

**Remaining Performance Obligations**

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
Product	\$ 703,409	\$ 1,245,262
Service	1,663,980	2,969,689
<b>Total</b>	<b>2,367,389</b>	<b>4,214,951</b>
Short Term – RPO – within 12 months	1,218,179	1,329,224
Long Term – RPO – from 13 to 36 months	165,548	2,015,529
Long Term RPO (37 month to 60 months)	983,662	870,198
<b>Total</b>	<b>\$ 2,367,389</b>	<b>\$ 4,214,951</b>

**Amount to be recognized as revenue over next 12 months**

	<b>June 30,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2025</b>
Deferred Revenue	\$ 1,218,179	\$ 1,358,632
	<u>\$ 1,218,179</u>	<u>\$ 1,358,632</u>

**Deferred Revenue**

	<b>June 30,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>
Product	\$ -	\$ -
Service	1,218,179	1,358,632
<b>Total</b>	<b>\$ 1,218,179</b>	<b>\$ 1,358,632</b>

	<b>June 30,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>
Current	\$ 1,218,179	\$ 1,358,632
Non-Current	-	-
<b>Total</b>	<b>\$ 1,218,179</b>	<b>\$ 1,358,632</b>

## Contract balances

	<b>June 30, 2025</b>
Allowance for bad debts at the beginning of the period	\$ (1,018,756)
(Provisions) / reversal	(30,706)
Recoveries	-
Allowance for bad debts at the end of the period	<u>\$ (1,049,462)</u>

## Disaggregated revenue

We disaggregate our revenue into products, services and consulting revenue that depict the nature, amount, and timing of revenue and cash flows for our various offerings.

	<b>Three Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Product revenue	\$ 2,392,303	\$ 2,105,347
Service revenue	953,287	868,231
Consulting revenue	590,333	776,742
Total	<u>\$ 3,935,923</u>	<u>\$ 3,750,319</u>

## Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The financial and nonfinancial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The hierarchy is presented down into three levels based on the reliability of the inputs.

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for the full term of the assets or liabilities.

Level 3 Unobservable pricing inputs that are less observable from objective sources or based upon our own assumptions used to measure assets and liabilities at fair value, such as discounted cash flow models or valuations. The inputs require significant management judgment or estimation.

The carrying amounts of cash, accounts receivable, accounts payable, notes payable and accrued liabilities are approximately fair value because of the short-term nature of these instruments. The carrying amount of long-term debt approximates fair value because the debt is based on current rates at which the Company could borrow funds with similar maturities.

**Cash and Cash Equivalents**

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

For the purposes of the statement of cash flows, the Company considers all highly liquid financial instruments with a maturity of less than three months to be cash equivalents.

**Trade Accounts Receivable**

Accounts Receivable are recorded at the invoiced amount and do not bear interest. Accounts receivables are due from various customers and are shown net of applicable reserves for doubtful accounts as shown on the face of the balance sheet. There were no accounts that had been placed on non-accrual status. The allowance for doubtful accounts has been estimated by management based on historical experience, current market trends and, for larger customer accounts, their assessment of the ability of the customers to pay outstanding balances. Past due balances and other higher risk amounts are reviewed individually for collectability. Changes in circumstances relating to the collectability of accounts receivable may result in the need to increase or decrease the allowance for doubtful accounts in the future. The company provides for any and all of the accounts receivable which are due over the period of one year if it meets the criteria for allowance estimated by the management.

**Inventories**

Inventories are recorded at lower of cost and net realizable value on the weighted average cost method of accounting.

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures that increase value or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Gains and losses from disposition of fixed assets are reflected in other income. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 to 10 years
Office equipment and computers	3 to 5 years
Vehicles	5 years

Major renewals and improvements are capitalized. Replacements, maintenance and repairs, which do not significantly improve or extend the useful life of the assets, are expensed when incurred.

Upon the sale or retirement of assets, costs and the related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations.

**Intangible Assets**

Intangible assets primarily consist of patent legal costs and are recorded at cost. Amortization is computed using the straight-line method over the estimated useful lives of the assets which is assumed as 15 years. The Company capitalizes product development costs in accordance with ASC 350-40 and ASC 985-20. Amortization is computed using the straight-line method over the estimated useful lives of the assets which is assumed as 15 years.

**Long-Lived Assets**

The Company evaluates its long-lived assets or asset groups for indicators of possible impairment by determining whether there were any triggering events that could impact the Company's assets. If events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable the Company performs a comparison of the carrying amount to future net undiscounted cash flows expected to be generated by such asset or asset group. Should an impairment exist, the impairment loss is measured based on the excess carrying value of the asset over the asset's fair value generally determined by estimates of future discounted cash flows.

The Company has not identified any such impairment losses for the period ended June 30, 2025 and March 31, 2025.

## Defined Benefit Plan

The subsidiary company “FatPipe Networks Private Limited” provides a defined benefit gratuity plan to eligible employees in accordance with applicable labor laws of India. The gratuity benefit is based on the employee’s last drawn salary and years of continuous service, and is payable upon resignation, retirement, or termination of employment.

The gratuity plan is accounted for in accordance with ASC 715, *Compensation—Retirement Benefits*. The liability for the defined benefit obligation is determined using the projected unit credit method and is based on actuarial valuations performed annually by independent actuaries. Actuarial gains and losses are recognized immediately in the statement of operations in the period in which they occur and this method is applied consistently.

The benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as of the reporting date. The discount rate used to determine the present value of the obligation reflects the yields available on high-quality corporate bonds of similar duration. The Company does not fund the plan, and benefits are paid as they become due.

Key assumptions used in the actuarial valuation include discount rate, salary growth rate, and employee turnover rates.

## Income Taxes

The Company is subject to federal and state income taxes. Its taxable income and deductions are included on a consolidated income tax return. The consolidated entities have a net loss carryover which may be fully utilized. Deferred tax assets are recognized in these financial statements after considering valuation allowances. A subsidiary of the Company is subject to foreign income taxes in India. The Indian subsidiary is subjected to income tax audits annually and tax assessments in accordance with the applicable Income Tax laws.

## Warranties

The Company offers a one-year to three-year warranty on the hardware products it sells. The cost of fulfilling the warranty obligation has historically been insignificant. No provision for future warranty costs has been made in these financial statements.

## Leases

The Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company’s incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right of use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right of use asset and lease liability, the Company has elected to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election, and recognizes rent expense on a straight-line basis over the lease term.

## Related Parties

Related parties are any entities or individuals that, through employment, ownership or other means, possess the ability to direct or cause the direction of the management and policies of the Company. The Company discloses related party transactions that are outside of normal compensatory agreements, such as salaries. The Company follows ASC 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions..

## Concentrations

The Company has no significant geographic concentrations in either trade accounts receivable or revenue.

Revenue by Geography	Three Months Ended June 30,	
	2025	2024
US	\$ 3,779,625	\$ 3,521,923
Rest of the World	156,298	228,396
	<u>\$ 3,935,923</u>	<u>\$ 3,750,319</u>

At June 30, 2025, the carrying amount of cash was \$5,906,988, only a portion of which is covered by federal depository insurance. At March 31, 2025, the carrying amount of cash was \$2,920,550, only a portion of which is covered by federal depository insurance.

## Concentrations of Risk

The Company’s financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company maintains its cash balances at financial institutions it believes to be financially sound. At times such balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk in cash.

We perform ongoing credit evaluations of our customers and, with the exception of certain financing transactions, do not require collateral from our customers.

The company has three major partners that account for approximately 43.51% of the company's consolidated revenues for the three months ended June 30, 2025 and three major partners that accounted for 54.11% for the three months ended June 30, 2024. As reflected in the table below, partner A contributed \$1,495,461 or 38.00% in revenue for the three months ended June 30, 2025, and \$1,647,626 or 43.93% for the three months ended June 30, 2024. Separately, Partner B contributed \$149,854 or 3.81% for the three months ended June 30, 2025, and \$305,275 or 8.14% for the three months ended June 30, 2024. Partner C contributed \$67,200 or 1.71% in for the three months ended June 30, 2025, and \$76,310 or 2.03% for the three months ended June 30, 2024

Partner	Three Months Ended June 30,	
	2025	2024
Partner A (%)	38.00%	43.93%
Partner B (%)	3.81%	8.14%
Partner C (%)	1.71%	2.03%
Total	43.51%	54.11%

Partner	Three Months Ended June 30,	
	2025	2024
Partner A (Revenue)	\$ 1,495,461	\$ 1,647,626
Partner B (Revenue)	149,854	305,275
Partner C (Revenue)	67,200	76,310
Total	\$ 1,712,515	\$ 2,029,211

### Recent Accounting Pronouncements

The Company has implemented all new relevant accounting pronouncements that are in effect through the date of these financial statements. The pronouncements did not have any material impact on the financial statements unless otherwise disclosed., and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

**NOTE 2: PROPERTY AND EQUIPMENT, NET**

The Company's property and equipment consist of the following:

	<b>June 30, 2025</b>	<b>March 31, 2025</b>
Furniture and fixtures	\$ 282,175	\$ 256,415
Office equipment and computers	510,751	493,873
	<u>792,926</u>	<u>750,288</u>
Less: Accumulated depreciation	(700,135)	(692,444)
	<u>\$ 92,791</u>	<u>\$ 57,844</u>

Depreciation expense for the three months ended June 30, 2025 and 2024 amounted to \$7,502 and \$8,492, respectively.

**NOTE 3: INTANGIBLE ASSETS, NET**

The Company's intangible assets consist of the following:

	<b>June 30, 2025</b>	<b>March 31, 2025</b>
Product development	\$ 218,383	\$ 218,383
Patent costs	7,790,890	7,790,890
	<u>8,009,273</u>	<u>8,009,273</u>
Less: Accumulated amortization	(7,045,108)	(6,960,653)
	<u>\$ 964,165</u>	<u>\$ 1,048,620</u>

Amortization expense for the three months ended June 30, 2025 and 2024 amounted to \$84,455 and \$125,053, respectively.

The estimated future amortization expense for the next five years and thereafter is as follows:

<b>Year ending March 31,</b>	
2026	\$ 221,637
2027	230,007
2028	156,350
2029	102,283
Thereafter	253,888
Total	<u>\$ 964,165</u>

**NOTE 4: NOTE PAYABLE**

On January 25, 2023, the Company entered into a three-year term loan with a local bank that is secured by substantially all assets of the Company with a corporate guarantee given by subsidiary - FatPipe Networks Private Limited. The loan is repayable in full during the Fiscal year 2025-26. The Company has received \$2.5 million of the \$5 million loan sanctioned by the bank. Interest rate is at current value of index and additional 4.25% above the bank's reference rate (interest rate per annum determined by bank as its three-year cost of funds, at time of signing) which works out to 12% as on the reporting date.

In November 2024, the Company received an additional \$500,000 in proceeds from the bank pursuant to an additional draw.

In March 2025, the Company obtained a \$5 million term loan from Fortis Bank, of which \$3 million was used to repay an outstanding loan from the bank loan noted above. The Fortis Bank loan is repayable in 120 equal monthly installments commencing from March 1, 2025 and the interest is charged at the Prime Rate plus 1%. The "Prime Rate" is the Prime Rate in effect on the first business day of the month (as published in the Wall Street Journal newspaper) in which SBA received the application, or the first day of the month in which any interest rate change occurs. The interest rate will be adjusted every calendar quarter (the "change period") beginning April 1, 2025 (date of first rate adjustment). The interest rate works out to 8.75% as on the reporting date. The loan is secured by substantially all assets of the Company, certain personal properties of Directors of the Company, along with a personal guarantee given by them and a Trust, where the directors are trustees. During the three months ended June 30, 2025, the Company made principal payments totaling \$57,570.

Future maturities of long-term debt are as follows:

<b>Year Ended March 31,</b>	
2026	731,196
2027	359,811
2028	392,588
2029	428,352
2030	467,373
Thereafter	<u>2,535,197</u>
Total principal repayments	<u>4,914,517</u>
Less: Current portion	<u>731,196</u>
Long-term portion of notes payable	<u>\$ 4,183,321</u>

Interest expense was \$69,888 and \$86,032 for the three months ended June 30, 2025 and 2024, respectively.

#### **Short Term Debt**

On June 15, 2023, the company received an interest free loan for \$120,000 from Stay in Business Inc., repayable on demand. During the year ended March 31, 2025, the Company received an additional \$13,652 under the same arrangement. During the three months ended June 30, 2025, the Company repaid the entire outstanding balance of the loan.

#### **NOTE 5: STOCKHOLDERS' EQUITY**

##### **Authorized Capital Stock**

On June 19, 2024, our Board and Shareholders approved an increase in our authorized capital stock from 15,000,000 shares of common stock, no par value, to 50,000,000 shares of common stock, no par value.

##### **Common Stock**

We are authorized to issue up to a total of 50,000,000 shares of common stock, no par value per share. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of our stockholders, including the election of directors. Holders of our common stock have no cumulative voting rights. Further, holders of our common stock have no preemptive or conversion rights or other subscription rights.

Additionally, if a quorum is present, an action by stockholders entitled to vote on a matter is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action (other than the election of directors). The vote of a majority of the shares of our common stock held by stockholders present in person or represented by proxy and entitled to vote at the Meeting will be sufficient to elect directors or to approve a proposal.

During the three months ended June 30, 2025, the Company issued an aggregate of 800,004 shares of common stock for total proceeds of \$3,935,522 pursuant to the April 2025 Offering, including partial exercise of the underwriter's over-allotment option.

As of June 30, 2025, the total number of outstanding shares is 13,826,468.

##### **Preferred Stock**

The Company is not currently authorized to issue preferred stock under its Articles of Incorporation, but may choose to do so in the future.

#### **NOTE 6: LEASES**

The Company leases certain office space under operating leases. Lease commencement occurs on the date the Company takes possession or control of the property. The original terms for facility related leases are generally between three to five years. Some of the Company's leases also include rental escalation clauses and/or termination provisions. Renewal options and termination options are included in determining the lease payments when management determines the options are reasonably certain of exercise.

If readily determinable, the rate implicit in the lease is used to discount lease payments to present value; however, substantially all of the Company's leases do not provide a readily determinable implicit rate. When the implicit rate is not determinable, the Company's estimated incremental borrowing rate is utilized, determined on a collateralized basis, to discount lease payments based on information available at lease commencement.

The Company's leases typically require payment of common area maintenance and real estate taxes which represent the majority of variable lease costs. Certain lease agreements also provide for variable rental payments based on sales performance in excess of specified minimums, usage measures, or changes in the consumer price index. Variable rent payments based on future performance, usage, or changes in indices were not significant for any of the periods presented. Variable lease costs are excluded from the present value of lease obligations. The Company's lease agreements do not contain any material restrictions, covenants, or any material residual value guarantees.

	<u>June 30,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
<b>Operating leases:</b>		
Operating lease right of use assets, net	\$ 1,361,468	\$ 1,455,373
Operating lease liabilities - current	\$ 376,817	\$ 366,677
Operating lease liabilities - Non-current	1,019,498	1,114,067
Total operating lease liabilities	<u>\$ 1,396,315</u>	<u>\$ 1,480,744</u>

	<b>Three Months Ended</b> <b>June 30,</b>	
	<u>2025</u>	<u>2024</u>
<b>Operating lease expense:</b>		
Operating Lease Cost	\$ 116,395	\$ 99,291
Short term Lease Cost	15,327	22,408
Total operating lease expense	<u>\$ 131,722</u>	<u>\$ 121,699</u>

	<b>Three Months Ended</b> <b>June 30,</b>	
	<u>2025</u>	<u>2024</u>
Operating Cash Flows for Operating Leases	\$ 87,424	\$ -

<b>Year Ended March 31,</b>	<b>Operating</b> <b>leases</b>
2026	\$ 270,139
2027	472,043
2028	489,110
2029	192,839
2030	77,808
Total minimum lease payments	<u>1,501,939</u>
Less: imputed interest	(105,624)
Total lease obligations	1,396,315
Less: Current portion	376,817
Long-term portion of lease obligations	<u>\$ 1,019,498</u>

**NOTE 7: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

The following is a summary of accrued expenses and other current liabilities:

	<b>June 30, 2025</b>	<b>March 31, 2025</b>
Provision for tax	\$ 3,182,489	\$ 2,967,305
Accrued employer expenses	363,882	18,969
Credit card payables	60,154	352,792
Employee payables	-	429,366
Other current liabilities	58,699	91,669
Sales tax payable	1,000	-
Provisions	643	2,995
	<u>\$ 3,666,867</u>	<u>\$ 3,863,096</u>

**NOTE 8: RELATED PARTY TRANSACTIONS**

The subsidiary company “FatPipe Networks Private Limited” has taken a lease from a company “Back Office Extensions India Pvt Ltd” in which the Company’s directors are management. The total lease payments amounted to \$22,183 and \$22,408 for the three months ended June 30, 2025 and 2024 respectively.

The Company has received a short-term interest free loan from a related entity **which is controlled by the Company's Chief Executive Officer**, Stay in Business Inc, for \$120,000. The loan is repayable on demand during the year 2023-24. An additional loan of \$13,652 was received under the same arrangement during the year ended March 31, 2025. During the three months ended June 30, 2025, the Company repaid the entire outstanding balance of the loan.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

From time to time, the Company is involved in legal proceedings arising in the ordinary course of business. The Company, in conjunction with its legal counsel, assesses the need to record liability for litigation or loss contingencies. A liability is recorded when and if it is determined that such a liability for litigation or loss contingencies is both probable and estimable.

Although the results of legal proceedings and claims cannot be predicted with certainty, management is of the opinion, after consulting legal counsel, that the Company is not currently a party to any legal proceedings, which would, individually or in the aggregate, have a material adverse effect on its results of operations, cash flows, or financial position.

At this time, there are no legal proceedings that require the Company to assess the need to record a liability.

**NOTE 10. SUBSEQUENT EVENTS:**

The Company evaluated the subsequent events through July 28, 2025, the date at which the financial statements were issued.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See “Cautionary Note Regarding Forward-Looking Statements” below. We have no obligation to update any of these forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements due to many factors, including, but not limited to, those set forth under the heading “Risk Factors” in this Quarterly Report. Factors that could cause or contribute to such differences include, but are not limited to, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this Quarterly Report.*

### **Cautionary Statement Regarding Forward-Looking Information**

This Quarterly Report contains statements that constitute forward-looking statements that are subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Some of the statements in this Quarterly Report constitute forward-looking statements because they relate to future events or the future performance or future financial condition. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our industry, our beliefs and our assumptions. These forward-looking statements include, but are not limited to, statements regarding our or our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. In some cases, you can identify forward-looking statements by the following words: “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” or the negative of these terms or other similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Important factors that could cause actual results to differ materially from the results and events anticipated or implied by such forward-looking statements include, but are not limited to:

- changes in the market acceptance of our software solutions and offerings;
- our ability to successfully execute on our growth strategy and enter into new markets;
- our ability to expand in existing markets;
- increased levels of competition;
- our relationships with our key customers;
- changes in customer preferences and the level of acceptance of our software services;
- our ability to retain and attract senior management and other key employees;
- our ability to quickly and effectively respond to new technological developments;
- our ability to protect our trade secrets or other proprietary rights, operate without infringing upon the proprietary rights of others and prevent others from infringing on the proprietary rights of the Company; and
- other risks, including those described in the “Risk Factors” section of this prospectus.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all of those risks, nor can we assess the impact of all of those risks on our business or the extent to which any factor may cause actual results to differ materially from those contained in any forward-looking statement. The forward-looking statements in this prospectus are based on assumptions management believes are reasonable. However, due to the uncertainties associated with forward-looking statements, you should not place undue reliance on any forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and unless required by law, we expressly disclaim any obligation or undertaking to publicly update any of them in light of new information, future events, or otherwise.

We have based the forward-looking statements included in this Quarterly Report on information available to us on the date of this Quarterly Report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements in this Quarterly Report, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we may file in the future with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **Overview**

FatPipe is a pioneer in enterprise-class, application-aware, secure SD-WAN solutions for organizations, including enterprises, communication service providers, security service providers, government organizations, and other middle-market companies.

We strive to be the global leader in delivering leading-edge enterprise-class networking software technology. We are dedicated to continually improving the way organizations connect, ensuring their networks are secure, reliable, and supporting their continued success. Our commitment lies in empowering our customers with a seamless and dependable connectivity infrastructure that safeguards their critical data and fosters business continuity. We further aim to ensure our customers have unparalleled insights into their network operations.

To deliver on this vision, we hold over a dozen software and technology patents, which we leverage through an integrated suite of software solutions to offer our customers a reliable and secure platform to support mission-critical applications running on cloud, hybrid cloud and on-premise networks. Our core offerings include SD-WAN, SASE, and NMS software solutions, each of which is typically offered to our customers as a subscription service. These solutions address a broad set of network management needs and include an integrated set of capabilities designed to manage multi-line network traffic and routing. When customers have multiple data lines, and one of the lines fails, FatPipe automatically and dynamically transfers network traffic from one data line to another (failover) without disconnecting the application session. When all lines are functional, FatPipe is able to improve data traffic speed and optimize bandwidth.

We service customers in geographies around the world, with our largest customer populations located in the United States and India. We plan to continue expanding our presence throughout North America and parts of Southeast Asia. Further, FatPipe is in discussions with potential partners to offer geography specific software license bundles to address these market needs. Customers in different geographies require different licenses and network servers specific to their needs and prices. We plan to expand our presence in Mexico and Asian markets with products and services bundles to address geography specific markets.

## **Industry**

SD-WAN is a network architecture that allows enterprises to utilize software and virtualization technologies to enhance the performance, security, and manageability of their WANs that connect offices, data centers, cloud applications, and cloud storage. This innovative architecture has emerged as a force in the world of networking and connectivity, revolutionizing the way organizations manage and optimize their WANs. SD-WAN technology enables organizations to leverage multiple types of connections, such as broadband, multiprotocol label switching, and LTE, to create a unified and intelligent network that can be centrally managed and orchestrated. This flexibility not only improves network efficiency but also reduces costs associated with expensive dedicated circuits, and the technology represents a seismic shift from traditional static network architectures to dynamic, agile, and cloud-centric solutions. SD-WAN applications have gained tremendous momentum in recent years due to their ability to address many evolving needs of modern businesses.

SASE technology enhances network security by enabling centralized policy enforcement and encryption. It allows for granular control over traffic, ensuring that sensitive data is transmitted securely across the network. This is particularly significant in today's cyber-threat landscape, where data breaches and network vulnerabilities are constant concerns for businesses of all sizes, and trends such as remote work and distributed organizations have only served to exacerbate potential susceptibility.

NMS allows for the systematic monitoring and management of computer networks. Generally consisting of an integrated set of tools, NMS solutions provide network administrators with the ability to remotely detect and address network issues or anomalies before they affect network performance, integrity, or end-user experience. Many NMS solutions combine multiple data collection methods to offer comprehensive insights into a range of network performance metrics, allowing administrators to continuously and remotely optimize network configurations, troubleshoot problems, manage capacity, identify suspicious network activity and generate analytics for further assessment.

### ***Total Addressable Market***

*SD-WAN.* The market for SD-WAN products was estimated to be approximately \$4.5 billion in 2023 (according to the research published via the Maia Research Report) with expected market size to grow to over \$17.6 billion by 2030. The North America and Asia-Pacific (“APAC”) segments of the market, which represent FatPipe’s primary markets, are expected to achieve continued growth in the near term. According to Gartner, Inc., the North America market for SD-WAN solutions will grow at an estimated 18% compound annual growth rate (“CAGR”) through 2025, while growth in APAC is projected to exceed 60% CAGR. This significant growth trajectory has been attributed to several factors, including the rise in remote work, need for enhanced network security, migration of applications to the cloud, and overall digital transformation efforts of enterprises.

*SASE.* According to the Maia Research Report, total revenues for SASE software and platform solutions is expected to grow from \$6.4 billion in 2022 to \$27.2 billion by 2030, resulting in a CAGR of almost 20.0% during the forecast period. This is driven by the rise of work-from-home mandating secure zero-trust remote connectivity, cloud-adoption broadening the definition of a corporate network, and the convergence of cloud and on-premise networks creating the need for a unified solution.

*NMS.* The total NMS market, including both cloud-based and on-premise solutions, is projected by the Maia Research Report to grow at a more modest CAGR of 10.0% for the period from 2022 to 2030. Total market revenues for NMS solutions are estimated at \$2.0 billion in 2022, approximately three-quarters of which is categorized at cloud-based, and is projected to grow to approximately \$4.4 billion, when cloud-based solutions will account for almost 85% of the total market.

### **FatPipe Software Solutions**

Our objective is to offer a suite of solutions to ensure our customers can securely support their networks in this cloud-first world. We are committed to driving a trusted customer experience through innovation and a diverse set of capabilities. Our core offerings are based on a complete, integrated suite of software solutions, including SD-WAN, SASE, and NMS capabilities, each of which can be individually licensed to create an experience tailored to a customer’s needs and network configuration. Additionally, all of our technologies are available for commercial sale. Further, our product pipeline consists of new SD-WAN security features and enhancements to the NMS.

### **Components of Results of Operations**

#### ***Revenue***

FatPipe derives its revenues from the sale of its software solutions and services, which include an integrated suite of SD-WAN, security and network management capabilities. These solutions are delivered to customers on commodity network servers, or virtually for deployment in public, private or hybrid cloud environments. Revenues are reported net of marketing development funds provided to our distribution partners for sales and marketing support. FatPipe Technologies, FatPipe’s subsidiary and consulting group, generally provides consulting, staffing, and engineering services on a project basis.

The Company launched software licenses that resulted in increased market acceptance and accelerated revenue growth. Our customer contracts generally range from 36 – 60 months and are typically billed on a monthly basis; however, the accounting treatment varies based on the nature of the service. The majority of our revenue is recognized at a point-in-time once the software solution has been delivered or ownership has been transferred, and our performance obligations have been satisfied. For clarity, the Company delivers software licenses that are valid for the duration of the contract term (i.e., 36-60 months) along with the product. Therefore, the Company recognizes the software license revenue at the time of delivery or transfer of control. At that point, the performance obligation for the software license has been satisfied. The contract value is recorded as contracts receivable and is transferred to accounts receivables upon invoicing the customer. The Company's contracts receivable is classified as accounts receivable when the Company's right to consideration becomes unconditional. The remaining obligation of the contract value is recorded as contract liability. Our deferred revenue consists of the amounts from the service portion of the contract and is amortized pro-rata over the term of the service agreement. For further details on our revenue recognition policies, please refer to the notes to the consolidated financial statements incorporated in this document.

### ***Cost of Revenue***

The cost of revenue includes all costs associated with the network server components, as well as the costs of cloud hosting services used for the delivery of our software solutions and services.

### ***Gross Profit***

Gross profit represents the difference between revenue and cost of revenue. Cost of revenue primarily includes the cost of the network server hardware that is used in certain instances to deliver our software solutions. Gross profit is impacted by our software solutions' average selling price and the revenue mix between solutions and services. We do not use custom hardware and historically have not been constrained by access to adequate supplies of hardware required to support our sales. The costs of revenue include all costs associated with network server components as well as costs associated with providing services to our customers, including costs associated with hosting our services through Amazon Web Services.

### ***Operating Expenses***

Our operating expenses consist of marketing and sales (M&S) expense, general and administrative ("G&A") expense and product development and expense. Historically, we have not capitalized any material portion of our product development expense.

### ***Marketing and Sales Expense***

Marketing and sales expenses include the costs associated with our sales and product marketing professionals and marketing expenses in support of our distribution partners and direct sales efforts. We incur expenses for such activities as co-marketing, trade show support, travel, promotional materials, and product training.

### ***General and Administrative Expense***

Our G&A expenses primarily include the direct costs associated with corporate functions such as accounting, human resources, administrative support, legal and professional fees, and rent and provisions for bad debt. Additionally, intangible charges, such as depreciation and amortization expenses, are included in G&A. Depreciation and amortization expenses are primarily related to the amortization of our intellectual property and capitalized leases. We expect that G&A expenses will increase in absolute dollars as we hire additional personnel, improve our information technology infrastructure, and incur other costs for the compliance requirements of operating as a public company.

### ***Product Development Expense***

FatPipe invests in ongoing research and development as a core component of its product innovation. These expenses consist primarily of the direct costs of engineers and technicians who design and test our highly complex software solutions. We record all research and development R&D expenses as incurred. Our research and development teams are primarily located at our main offices in Salt Lake City, Utah and Chennai, India.

### ***Operating Results***

Operating results reflect the income from operations derived from the sale of our software solutions and services with adjustments for non-operating income and expenses such as interest expense, interest income, and foreign exchange losses/gains resulting from our India operations.

### **Results of Operations**

#### ***For the Three Months Ended June 30, 2025 and 2024***

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	
Revenues	\$ 3,935,923	\$ 3,750,319
Cost of revenues	226,934	283,680
Gross profit	<u>3,708,989</u>	<u>3,466,639</u>
Operating expenses:		
Sales and marketing	1,051,665	1,014,935
General and administrative	586,999	581,122
Product development	474,457	423,500
Employee cost	593,191	587,239
Total operating expenses	<u>2,706,312</u>	<u>2,606,796</u>
Income from operations	1,002,677	859,843
Other income (expense), net:		
Interest income	5,799	26,090
Foreign exchange gain/(loss)	17,792	(27,426)
Interest expense	(69,888)	(86,032)
Total other income (expense), net	<u>(46,297)</u>	<u>(87,368)</u>
Income before benefit/(provision) for taxes	956,380	772,475
Income tax benefit/(provision)	<u>(215,185)</u>	<u>(163,398)</u>
Net income	741,195	609,077
Less: Net loss attributable to non-controlling interests	-	(16,416)
Net income attributable to stockholders	<u>\$ 741,195</u>	<u>\$ 625,493</u>

### ***Revenue***

In the three months ended June 30, 2025, Product Revenue was \$3,189,292 compared to \$2,745,182 during the same period in 2024, representing an increase of 16.2%. Overall, net revenue was \$3,935,923, an increase of \$185,604, or 5%, from the prior period ended June 30, 2024. Product and service revenue increased by \$372,012 over the prior period, partially offset by a decrease in consulting revenue of \$186,409. The increase in product and service revenue was primarily due to increased sales of our product solutions due to the Company's ability to fully execute on its core business following the closing of the IPO in April 2025. Consulting Services revenue decreased due to the timing of consulting engagements.

### *Cost of Revenue*

In the three months ended June 30, 2025, our cost of revenue was \$226,934, a decrease of \$56,746, or 20%, from the prior period ended June 30, 2024. Cost of revenue decreased as hardware product costs were lower. The cost of revenue includes costs associated with providing services to our customers, such as costs associated with hosting our cloud services.

### *Gross Profit and Gross Margin*

In the three months ended June 30, 2025, our gross profit was \$3,708,989, an increase of \$242,350, or 7%, from prior period. The increase in gross profit reflects an increase in net revenue as well as lower cost of revenue.

Our gross margin increase to 94% in the three months ended June 30, 2025 from 92% in the prior period.

### *Sales and Marketing Expense*

In the three months ended June 30, 2025, our sales and marketing expense was \$1,051,665, an increase of \$36,730, or 3.62%, compared to the prior period. This was primarily due to an increase in advertising and other promotional efforts in 2025.

### *General and Administrative Expense*

In the three months ended June 30, 2025, our general and administrative expense was \$586,999, an increase of \$5,877 compared to the prior period. General and administrative expenses remained consistent in both periods.

### *Product Development Expense*

Product development expense in the three months ended June 30, 2025 was \$474,457, an increase of \$50,957 compared to the prior period, as the Company continued its development plans for its cybersecurity products. The Company has ramped up its product development in early 2025 following its April 2025 IPO.

### *Employee Cost Expense*

Employee cost expenses in the three months ended June 30, 2025 were \$593,191, an increase of \$5,952, compared to the prior period. The increase in employee cost expense is attributable to the increase in professional services revenues.

### *Depreciation and Amortization Expense*

Depreciation and amortization expense in the three months ended June 30, 2025 was \$91,957, a decrease of \$41,588, compared to the prior period. These expenses are categorized under general and administrative expenses.

### *Other Income (Expense)*

Interest income during the three months ended June 30, 2025 was \$5,799 as compared to \$26,090 in the prior fiscal year. The decrease was due to lower interest rates from prior year.

Interest expense during the three months ended June 30, 2025 was \$69,888, which was consistent with \$86,032 in the prior year.

The foreign exchange gain/(loss) results from currency conversion from U.S. dollars to Indian rupees.

## **Liquidity and Capital Resources**

We believe we have sufficient sources of funding to meet our business requirements and plans for the next 12 months and in the longer term. Cash generated by operations and cash raised from the public offering of our common stock are our primary source of liquidity for funding our strategic business requirements.

To fund our cash requirements in the ordinary course of business, we anticipate that we will continue to primarily rely on operating cash flows, supplemented by our total cash and cash equivalents, together with the cash raised from the public offering of our common stock conducted in April 2025. Our capital requirements, including but not limited to, servicing our lease obligations and fixed asset purchases, will depend on many factors, including our growth rate and the timing and extent of operating expenses.

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements involving commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, cash requirements or capital resources.

As the company expands in the India and South Asian market, the Company can expect a lower gross margin from sales in that cost sensitive region. Further, the impact on margins will be offset by lower costs of sales, as the wages in that region are also lower than in the U.S. Also, general economic conditions, the demand for the Company's offerings and changes in customer preferences in the future may have an impact on the revenue and income. In the future as the Company exhausts its Net Operating Losses from the past, it will be expected to pay income taxes.

## **Debt**

In March 2025, the Company obtained a \$5 million term loan from Fortis Bank, of which \$3 million was used to repay an outstanding loan from the bank loan noted above. The Fortis Bank loan is repayable in 120 equal monthly installments commencing from March 1, 2025 and the interest is charged at the Prime Rate plus 1%. The "Prime Rate" is the Prime Rate in effect on the first business day of the month (as published in the Wall Street Journal newspaper) in which SBA received the application, or the first day of the month in which any interest rate change occurs. The interest rate will be adjusted every calendar quarter (the "change period") beginning April 1, 2025 (date of first rate adjustment). The interest rate works out to 8.75% as on the reporting date. The loan is secured by substantially all assets of the Company, certain personal properties of Directors of the Company, along with a personal guarantee given by them and a Trust, where the directors are trustees. During the three months ended June 30, 2025, the Company made principal payments totaling \$57,570.

Future maturities of long-term debt are as follows:

<b>Year Ended March 31,</b>	
2026	731,196
2027	359,811
2028	392,588
2029	428,352
2030	467,373
Thereafter	2,535,197
Total principal repayments	<u>4,914,517</u>
Less: Current portion	731,196
Long-term portion of notes payable	<u>\$ 4,183,321</u>

Interest expense was \$69,888 and \$86,032 for the three months ended June 30, 2025 and 2024, respectively.

### Short Term Debt

On June 15, 2023, the company received an interest free loan for \$120,000 from Stay in Business Inc., repayable on demand. During the year ended March 31, 2025, the Company received an additional \$13,652 under the same arrangement. During the three months ended June 30, 2025, the Company repaid the entire outstanding balance of the loan.

### Cash Flows

The following table sets forth certain combined statements of cash flow data:

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 741,195	\$ 609,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91,957	133,545
Allowance for contract receivables	33,811	49,392
Changes in operating assets and liabilities:		
Accounts receivable	(201,750)	(301,098)
Contracts receivable	(757,572)	(546,374)
Inventories	11,517	24,994
Other assets	(79)	239
Other current assets	26,498	(66,467)
Accounts payable	(127,026)	(168,844)
Accrued expenses and other current liabilities	(196,229)	225,324
Deferred revenue	(140,453)	(190,188)
Other non current liabilities	51	(148)
Operating lease liability, net	9,476	(21,917)
Net cash used in operating activities	<u>(508,604)</u>	<u>(252,465)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(42,449)	(1,955)
Intangible assets	-	(3,000)
Net cash used in investing activities	<u>(42,449)</u>	<u>(4,955)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of debt	(191,222)	-
Issuance of shares pursuant to initial public offering	3,784,472	-
Net cash provided by financing activities	<u>3,593,250</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	(55,759)	(87,256)
Net change in cash and cash equivalents	<u>2,986,438</u>	<u>(344,676)</u>
Cash and cash equivalents:		
Beginning of the period	2,920,550	1,112,519
End of the period	<u>\$ 5,906,988</u>	<u>\$ 767,843</u>

### Operating Activities

Net cash used in operating activities in the three months ended June 30, 2025 was \$508,604 compared to \$252,465 in the prior period. The increase in cash in operating activities was primarily due to \$331,088 in additional cash used in operating assets and liabilities, partially offset by higher net income in 2025 of \$132,118. This also includes NASDAQ listing fees and related expenses.

### *Investing Activities*

Net cash used in investing activities in the three months ended June 30, 2025 was \$42,449 as compared to \$4,955 in the prior period. Cash used in investing activities was primarily due to the purchase of equipment.

### *Financing Activities*

Net cash provided by financing activities in the three months ended June 30, 2025 was \$3,593,250. Cash provided by financing activities included \$3,784,472 in proceeds from the Company's April 2025 IPO, partially offset by \$191,222 in repayment of debt. There was no cash provided by or used in financing activities for the three months ended June 30, 2024.

### **Non-GAAP Financial Measures**

In addition to our financial results determined in accordance with the generally accepted accounting principles in the United States ("GAAP"), our management uses earnings before interest, taxes, depreciation, and amortization expenses to net income ("EBITDA"), a non-GAAP measure, as a key measure in operating our business. We use EBITDA to make strategic decisions, establish business plans and forecasts, identify trends affecting our business, and evaluate performance. For example, we use adjusted EBITDA as a measure of our operating performance. Adjusted EBITDA is presented for supplemental informational purposes only, should not be considered a substitute for, or a more meaningful measure than, financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies. A reconciliation is provided below for adjusted EBITDA to the most directly comparable financial measure presented in accordance with GAAP. Investors are encouraged to review the related GAAP financial measure and the reconciliation of adjusted EBITDA to its most directly comparable GAAP financial measure.

In the three months ended June 30, 2025, our adjusted EBITDA increased by \$101,245 compared to the prior fiscal year, primarily due to an increase in operating income as a result of higher revenues.

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	
Net income	\$ 741,193	\$ 609,077
Depreciation and amortization	91,957	133,545
Income tax benefit/(provision)	215,185	163,398
Interest expense	69,888	86,032
Foreign exchange gain/(loss)	(17,792)	27,426
Interest income	(5,799)	(26,090)
Adjusted EBITDA	<u>\$ 1,094,633</u>	<u>\$ 993,388</u>

### **Off-Balance Sheet Arrangements**

During the years presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

### **Critical Accounting Policies and Estimates**

The application of our accounting policies may require us to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue and expense, and the accompanying disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time the estimate was made.

On an ongoing basis, management evaluates its estimates, including those related to intangible assets, and deferred taxes. We base our estimates, assumptions and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from the results implied by these estimates and judgments under different assumptions or conditions.

## **Intangible Assets**

Our financial statements include IP-related intangible assets consisting primarily of legal and related costs associated with our patents and capitalized lease obligations adjusted by accumulated amortization. The identification and recognition of those intangible assets involve significant judgements, relating to, among other things, the projected cash flows attributable to these intangible assets and the estimated useful lives of these intangible assets. We amortize intangible assets that are subject to amortization over their estimated useful lives. The useful lives are determined by management at the time of creation of the intangible assets and based on historical experience and the economic life of the underlying technology and are regularly reviewed for appropriateness. We perform a quarterly review of significant finitely lived identified intangible assets to make a judgement on whether facts and circumstances indicate that the carrying amount may not be recoverable and an impairment may be required.

These reviews can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy.

## **Deferred Taxes**

Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the combined financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We reduce the carrying amounts of deferred tax assets by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Use of the term “more likely than not” indicates the likelihood of occurrence is greater than 50%.

Accordingly, the need to establish valuation allowances for deferred tax assets is continually assessed based on a more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of profitability and taxable income, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies. In making such judgments, significant weight is given to evidence that can be objectively verified.

## **Cybersecurity**

### **Risk Management and Strategy**

We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data.

### **Managing Material Risks & Integrated Overall Risk Management**

We have strategically integrated cybersecurity risk management into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes at every level. Our management team continuously evaluates and addresses cybersecurity risks in alignment with our business objectives and operational needs.

### **Oversee Third-party Risk**

Because we are aware of the risks associated with third-party service providers, we have implemented stringent processes to oversee and manage these risks. We conduct thorough security assessments of all third-party providers before engagement and maintain ongoing monitoring to ensure compliance with our cybersecurity standards. The monitoring includes annual assessments of the SOC reports of our providers and implementing complementary controls. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third parties.

### **Risks from Cybersecurity Threats**

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing.

## ***Implications of being an Emerging Growth Company***

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not “emerging growth companies” including, but not limited to:

- being permitted to present only two years of audited financial statements and only two years of related disclosure in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this prospectus;
- being permitted to provide less extensive narrative disclosure than other public companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements;
- being permitted to utilize exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved;
- being permitted to defer complying with certain changes in accounting standards; and
- being permitted to use test-the-waters communications with qualified institutional buyers and institutional accredited investors.

We intend to take advantage of these and other exemptions available to “emerging growth companies.” We could remain an “emerging growth company” until the earliest of (i) the last day of our fiscal year following the fifth anniversary of the closing of this offering, (ii) the last day of the first fiscal year in which our annual gross revenues exceed \$1.235 billion, (iii) the last day of our fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (which would occur if the market value of our equity securities that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter), or (iv) the date on which we have issued more than \$1 billion in nonconvertible debt during the preceding three-year period.

The JOBS Act permits an “emerging growth company” like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to delay such adoption of new or revised accounting standards.

#### *Smaller Reporting Company*

We are also a “smaller reporting company,” meaning that the market value of our stock held by non-affiliates is less than \$700 million as of the last trading day of our second quarter and our annual revenue is less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than \$250 million as of the last trading day of our second quarter or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than \$700 million as of the last trading day of our second quarter. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. For example, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

### **ITEM 4. CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC’s rules and forms and is accumulated and communicated to our management, as appropriate, in order to allow timely decisions in connection with required disclosure.

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. As required by Rule 13a-15(b) or Rule 15d-15(b) promulgated by the SEC under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report at the reasonable assurance level.

## **Changes in Internal Control**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, under the supervision of our Audit Committee. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of March 31, 2025, based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, management believes that we maintained effective internal control over financial reporting as of June 30, 2025.

## **Limitations on the Effectiveness of Controls**

Management of the Company, including its Chief Executive Officer and its Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or its internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons or by the collusion of two or more persons. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

None.

### Item 1A. Risk Factors.

Except with respect to the Company's on-going liquidity needs, there were no material changes in the risk factors we previously disclosed in Item 1A to Part I of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the SEC on June 30, 2025.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

#### Unregistered Sales of Equity Securities

None.

#### Initial Public Offering Use of Proceeds

On April 7, 2025, we entered into an underwriting agreement (the "Underwriting Agreement") with D. Boral Capital LLC, as representative (the "Representative") of the underwriters named therein (the "Underwriters"), pursuant to which the Company agreed to sell to the Underwriters, in a firm commitment initial public offering (the "Offering"), an aggregate of 695,656 shares of the Company's common stock, no par value per share (the "Common Stock"), at an initial public offering price of \$5.75 per share. The Common Stock was offered pursuant to a registration statement on Form S-1, as amended (File No. 333-280925), originally filed with the U.S. Securities and Exchange Commission (the "Commission") on July 19, 2024, as amended, and which was declared effective by the Commission on February 12, 2025. A post effective amendment to the registration statement related to the Offering was filed with the Commission on March 11, 2025, and which was declared effective by the Commission on March 17, 2025.

On April 9, 2025, the Company closed the Offering and the Company issued and sold an aggregate of 791,024 shares of common stock. The total gross proceeds to the Company from the Offering, which does not include a potential exercise of the underwriter's over-allotment option, and before deducting discounts and expenses, were approximately \$4,500,000. The Company received net proceeds of approximately \$3,700,000 pursuant to the Offering.

A final prospectus relating to this Offering was filed with the Commission on April 7, 2025. The Common Stock was previously approved for listing on The Nasdaq Capital Market and commenced trading under the ticker symbol "FATN" on April 8, 2025.

#### Repurchases

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None.

## Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

<b>Exhibit Number</b>	<b>Description</b>
1.1*	<a href="#">Form of Underwriting Agreement</a>
3.1*	<a href="#">Articles of Incorporation of FatPipe, Inc., dated October 14, 2009</a>
3.2*	<a href="#">Amended and Restated Articles of Incorporation of FatPipe, Inc., dated October 14, 2010</a>
3.3*	<a href="#">Restated Articles of Incorporation of FatPipe, Inc., dated November 19, 2021</a>
3.4*	<a href="#">Certificate of Amendment to the Restated Certificate of Incorporation of FatPipe, Inc., dated June 20, 2024</a>
3.5*	<a href="#">Bylaws of FatPipe, Inc., dated October 14, 2010</a>
5.1*	<a href="#">Legal Opinion of Dentons US LLP</a>
10.2*#	<a href="#">Form of Equity Incentive Plan</a>
10.3*	<a href="#">Business Loan Agreement, Commercial Security Agreement, Intellectual Property Security Agreement and Promissory Note, dated January 25, 2023 by and among Celtic Bank Corporation, FatPipe, Inc., and its subsidiaries named therein</a>
10.4*	<a href="#">Office Lease, dated November 26, 2018, by and between WCF Mutual Insurance Company and Fat Pipe Networks, Inc. First Amendment to Office Lease, dated January 24, 2024, by and between WCF Mutual Insurance Company and FatPipe Networks, Inc.</a>
10.5*	<a href="#">Lease Deed, dated January 1, 2018, by and between Back Office Xtensions India Pvt. Ltd. and FatPipe Networks Pvt., Ltd.</a>
10.6*	<a href="#">Lease Deed, dated April 1, 2020, by and between Back Office Xtensions India Pvt. Ltd. and FatPipe Networks Pvt., Ltd.</a>
21.1*	<a href="#">Subsidiaries of the Registrant</a>
23.1	<a href="#">Consent of Dentons US LLP (Included in Exhibit 5.1)</a>
24.1*	<a href="#">Powers of Attorney</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officers Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
99.1*	<a href="#">Consent of I. Bobby Majumder, as director nominee</a>
99.2*	<a href="#">Consent of Ajay Tandon, as director nominee</a>
99.3*	<a href="#">Consent of Jean Turgeon, as director nominee</a>
99.4*	<a href="#">Audit Committee Charter</a>
99.5*	<a href="#">Compensation Committee Charter</a>
99.6*	<a href="#">Nominating and Corporate Governance Committee Charter</a>
99.7*	<a href="#">Clawback Policy</a>
99.8*	<a href="#">Whistleblower Policy</a>

# Management contract or compensatory plan, contract, or arrangement.

\* Previously Filed

\*\* To be filed by amendment.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**FATPIPE, INC.**

By: /s/ Ragula Bhaskar, Ph.D.  
Regula Bhaksar, Ph.D  
Chief executive Officer and Chairman

Date: July 30, 2025