

CIGNITI TECHNOLOGIES INC

AUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED MARCH 31, 2024

VBC & COMPANY

Certified Public Accountants
A Professional Corporation
97, Cedar Grove Lane, Suite 202,
Somerset, NJ 08873.
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CIGNITI TECHNOLOGIES INC

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INDEPENDENT AUDITOR'S REPORT

**To the Stockholder and Board of Directors of,
Cigniti Technologies Inc,
Irving, TX**

Opinion

We have audited the accompanying financial statements of Cigniti Technologies Inc, which comprise the balance sheet as of March 31, 2024, and the related statement of income, retained earnings, and cash flows for the twelve months ended March 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cigniti Technologies Inc as of March 31, 2024, and the results of its operations and its cash flows for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cigniti Technologies Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements for year ended March 31, 2023 were reviewed by us and our report thereon, dated May 1, 2023, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole. The comparative financial statements have been presented in page number 19 to Page number 24.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



Balachander Venkataramanan
VBC & Company
Certified Public Accountants
Somerset, New Jersey
April 29, 2024

CIGNITI TECHNOLOGIES INC
BALANCE SHEET
AS OF MARCH 31, 2024

	2024
Current Assets	
Cash and cash equivalents	\$ 4,401,618
Accounts receivable, net	36,441,550
Other current assets	1,527,640
Due from affiliates	3,468,127
Total current assets	45,838,935
Property and equipment, net	146,163
Right of - Use Asset	346,749
Investments	299,999
Security deposits	36,488
Deferred tax asset	397,700
Total other assets	1,227,099
Total assets	\$ 47,066,034
Current liabilities	
Accounts payable and accrued liabilities	\$ 6,469,412
Accrued payroll and payroll taxes	2,937,277
Accrued income taxes	537,628
Due to affiliates	8,610,069
Other current liabilities	455,005
Current portion of lease obligations	110,798
Total current liabilities	19,120,188
Long term liabilities	
Long term portion of lease obligations	282,988
Total long term liabilities	282,988
Stockholder's equity	
Common stock, \$1 par value, 1500 shares authorized, 1000 shares issued and outstanding	
Capital Stock	1,000
Additional paid in capital	402,045
Retained earnings	27,259,813
Total stockholder's equity	27,662,858
Total liabilities and stockholder's equity	\$ 47,066,034

(See report of independent auditor's and accompanying notes to financial statements)

CIGNITI TECHNOLOGIES INC
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

	2024
Revenue	
Consulting income	\$ 174,925,300
Other income	1,095,000
Total Revenue	<u>176,020,300</u>
Cost of sales	139,754,360
Gross profit	<u>36,265,940</u>
General and administrative expenses	25,415,156
Income before depreciation, interest and tax	<u>10,850,784</u>
Interest expense	118,860
Interest expense - Lease obligation	21,963
Depreciation - Lease asset	106,692
Depreciation	162,256
Income before income taxes	<u>10,441,013</u>
Provision for income taxes	2,802,038
Deferred income tax/(credit)	(159,393)
Prior period taxes/(credit)	10,574
Net income	<u>\$ 7,787,794</u>
Beginning retained earnings	19,472,019
Net income	7,787,794
Ending retained earnings	<u>\$ 27,259,813</u>

(See report of independent auditor's and accompanying notes to financial statements)

CIGNITI TECHNOLOGIES INC
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

	2024
Cash flow from operating activities	
Net income after taxes	\$ 7,787,794
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	162,256
Profit on sale of asset	(9,668)
Interest expense - Lease obligation	21,963
Depreciation - Lease asset	106,692
Changes in operating assets and liabilities:	
Trade and other receivables	(3,412,537)
Accounts payable, accrued expenses	(859,739)
Other current assets	(1,129,502)
Lease assets- Net	(124,254)
Other assets	(159,393)
Accrued payroll and related costs	(671,273)
Accrued income taxes	(155,784)
Other liabilities	(116,336)
Net cash provided by/(used in) operating activities	<u>1,440,219</u>
Cash flow from investing activities	
Purchase of assets	(83,148)
Sale of assets	67,000
Purchase of investments	(100,001)
Net cash provided by/(used in) investing activities	<u>(116,149)</u>
Cash flow from financing activities	
Dues from/(to) affiliates	2,032,110
Net cash provided by/(used in) financing activities	<u>2,032,110</u>
Increase/(decrease) in cash and cash equivalents	<u>3,356,180</u>
Cash and cash equivalents, beginning of period	1,045,437
Cash and cash equivalents, end of period	<u>\$ 4,401,618</u>
Interest paid	\$ 134,618
Taxes paid	\$ 2,957,847

(See report of independent auditor's and accompanying notes to financial statements)

CIGNITI TECHNOLOGIES INC
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

	2024
Common stock and paid-in capital	
Balance, beginning of period	\$ 1,000
Additional paid in capital	402,045
Balance, end of period	<u>403,045</u>
Accumulated retained earnings	
Balance, beginning of period	19,472,019
Net Income during the year	7,787,794
Balance, end of period	<u>27,259,813</u>
Total stockholder's equity	<u>\$ 27,662,858</u>

(See report of independent auditor's and accompanying notes to financial statements)

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Note A - Summary of Significant Accounting Policies

Nature of Operations

Cigniti Technologies Inc (the "Company") was formed effective June 11, 2014, as a Delaware Corporation. The entire issued and outstanding common stock is currently held by Cigniti Technologies Ltd (Public limited company registered in India). The Company provides software engineering and consulting services on both project and hourly basis. The market for the Company's services is characterized by rapidly changing technology, evolving industry standards, and new product introductions. The Company's market is intensely competitive. The Company's success will depend on its ability to enhance and market existing services and introduce new services to meet changing customer requirements and evolving standards.

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenues are recognized when services are rendered and expenses reflected when cost are incurred. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard require a change in accounting policy hitherto in use.

Concentration of Credit Risk

The Company maintains cash in bank deposit accounts which, at times, 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 on cash and cash equivalents. With respect to trade receivables, the Company generally does not require collateral because the majority of the Company's customers are well established companies operating in a variety of industries and geographic regions.

Use of Estimates

The Company's management makes estimates and assumptions in preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the respective reporting periods. Actual results could differ from those implicit in the estimates and assumptions.

Cash and Cash Equivalents

The Company considers cash and highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company places its temporary cash and cash equivalents with high credit quality financial institutions.

Investments

The Company has characterized its investments in marketable securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the accompanying balance sheets are categorized based on the inputs to valuation techniques as follows:

Level 1 – These are investments where values are based on unadjusted quoted prices for identical asset in an active market the Company has the ability to access.

Level 2 – These are investments where values are based on quoted market prices that are not active or model derived valuations in which all significant inputs are observable in active markets.

Level 3 – These are investments where values are derived from techniques in which one or more significant inputs are unobservable.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company considers all available-for-sale investments as short-term investments. The investments are recorded at fair value. Unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive income, net of tax.

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Non-Marketable Investments: The company accounts for non-marketable equity investments either under the equity or cost method. Investments through which the Company exercise significant influence but do not have control over the investee are accounted for under the equity method. Investments through which the Company are not able to exercise significant influence over the investee are accounted for under the cost method. The Company classify non-marketable investments as non-current assets on the Balance Sheet as those investments do not have stated contractual maturity dates.

Impairment of Investments: The Company periodically reviews investments for impairment. If the Company concludes that any of these investments are impaired, based primarily on the financial condition and near-term prospects of these investments, the Company will determine whether such impairment is other-than-temporary. If any impairment is considered other-than-temporary, impairment is provided and investments are assessed at fair value and record the corresponding charge as other income / (expense), net.

Financial Instruments

The Company's financial instruments including cash and cash equivalents, accrued expenses, accounts receivable, accounts payable and lines of credit debt, all of which approximate fair value at the balance sheet dates.

Accounts Receivable

The Company routinely assesses the financial strength of its customers and does not require collateral or other security to support customer receivables. Credit losses are provided for in the financial statements based upon the age of the receivable and specific circumstances surrounding the collection of an invoice. Actual collection on accounts may differ from the Company's estimate of the amount collectible.

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. The Provision for doubtful debts as of March 31, 2024 was \$ 411,646.

Property and Equipment

Property and equipment, consisting of computers, furniture and equipment, are stated at cost. Improvements which substantially increase the useful lives of assets are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or disposal, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is recorded.

Depreciation/Amortization

Depreciation on all property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from five to seven years. Depreciation expense for the twelve months ended March 31, 2024 was \$ 162,256.

Revenue Recognition

In May 2014, the FASB issued an update to ASC 606, Revenue from Contracts with Customers, further amended in July 2015. This update to ASC 606 provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that a Company should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. This update to ASC 606 will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. Effective Jan 01, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, using the modified retrospective method. The adoption allows companies to apply the new revenue standard to reporting periods beginning in the year the standard is first implemented, while prior periods continue to be reported in accordance with previous accounting guidance.

The Company generates most of its revenues from Technology Staffing, and IT Services. Comprehensive revenue recognition model is designed to depict the transfer of promised goods or

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recognized as control of the promised service is transferred to customers, in an amount that reflects the consideration expected in exchange for the services. Revenues from contract assignments are recognized over time, based on hours worked by the Company's contract professionals. The performance of the requested service over time is the single performance obligation for assignment revenues. Revenues are recognized net of variable consideration to the extent that it is probable that a significant reversal of revenues will not occur in subsequent periods. The Company recognizes revenue for fixed-price contracts using percentage of completion method. Under this method of revenue recognition, the Company estimates the progress towards completion to determine the amount of revenue and profit to recognize on all significant contracts. The Company utilizes a cost-to-cost approach in applying the percentage-of-completion method, under which revenue is earned in proportion to total costs incurred, divided by total costs expected to be incurred. The recognition of profit is dependent upon the accuracy of a variety of estimates, including software development progress, achievement of milestones and other incentives, penalty provisions, labor productivity and cost estimates. Such estimates are based on various judgments that the Company makes with respect to those factors and are difficult to accurately determine until the project is significantly underway. Due to uncertainties, inherent in the estimation process, it is possible that actual completion costs may vary from estimates. If estimated total costs on any contract indicate a loss, the Company charges the entire estimated loss to operations in the period the loss first becomes known.

The Company recognizes all of its revenue on a gross basis when it acts as a principal in its transactions. The Company has direct contractual relationships with its customers, bears the risks and rewards of its arrangements, has the discretion to select the contract professionals and establish the price for the services to be provided. The Company primarily provides services through its employees and through subcontractors; the related costs are included in cost of sales. The Company includes billable expenses (out-of-pocket reimbursable expenses) in revenue and the associated expenses are included in cost of sales.

Unbilled Revenues

If any are classified as accounts receivables on the balance sheet, represents services rendered prior to being invoiced due to certain contractual restrictions. Unbilled revenue as of March 31, 2024 was \$ 7,366,769 .

Cost of Revenues

The costs of revenues are classified as cost of sales on the income statement, and consist primarily of employee costs and sub-contractors' costs, and other costs incurred in connection with the execution of assignments.

Leases

When the company is the lessee, all leases with a term of more than 12 months are recognized as right-of-use (ROU) assets and associated lease liabilities in the Balance Sheet. The lease liabilities are determined using the present value of the lease payments not yet paid and the company's incremental borrowing rate, which approximates the rate at which the company would borrow on a secured basis in the country where the lease was executed. The interest rate implicit in the lease is generally not determinable in transactions where the company is the lessee. The ROU asset equals the lease liability adjusted for any initial direct costs (IDCs), prepaid rent and lease incentives. Operating leases are included in operating right-of-use assets—net and lease liabilities in the Balance Sheet. The lease term includes options to extend or terminate the lease when it is reasonably certain that the company will exercise that option.

Customer and Business Concentration

Financial instruments that potentially subject the company to concentration of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables is minimal due to the Company's large customer base and ongoing procedures, which monitor the credit worthiness of its customers. For the twelve months ended March 31, 2024, sales to the top five customers was \$ 56,235,967 (32% of net revenue). For the twelve months ended March 31, 2024, accounts receivable due from these customers was \$ 7,936,346 (22% of accounts receivable).

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Income Taxes

The Company is taxed as a “C” corporation and as such accounts for income taxes pursuant to the provisions of Statement of Financial Statement Accounting Standards No. 109 “Accounting for Income Taxes.” Under SFAS No. 109, deferred tax liabilities and assets are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their tax bases. Any deferred tax assets recognized for net operating loss carry-forwards and other items are reduced by a valuation allowance when it is more likely than not that the benefits may not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected. The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Impairment of Intangibles

The Company assesses at each balance sheet date whether there is any indication that any intangible assets including goodwill may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to the Income statement. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

Note B - Advertising Costs

Costs for producing and communicating advertising for the Company’s brand and products are charged to general and administrative (G&A) expenses as they are incurred. Advertising expense for the twelve months ended March 31, 2024 was Zero.

Note C - Property and Equipment

Property and Equipment consisted of:

(in USD)	March 31, 2024
Computer equipment and software	\$ 1,001,479
Furniture & Fixtures	292,195
Leasehold Improvements	25,600
Vehicle	56,358
Total assets	1,375,632
Less: Accumulated depreciation	(1,229,469)
Property and Equipment, net	\$ 146,163

Note D - Investments

The investments, have been classified as follows:

	Level 1	Level 2	Level 3
As on March 31, 2024			
Private equity investments	-	-	\$ 299,999

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Note E - Commitments and contingent liabilities

The company adopted ASC 824 from January 1, 2022. Lease assets and liabilities are determined predominantly as the present value of the payments due over the lease term. All leases are recognized as lease liabilities and lease assets on the balance sheet. Lease liabilities represent obligation to make payments arising from the lease. Lease assets represent right to use an underlying asset for the lease term.

Information related to operating lease cost are as follows:

(in USD)	March 31, 2024
Operating lease - Right - of - use assets	346,749
Operating lease liabilities - Current	110,798
Operating lease liabilities - Non-current	282,988

The weighted average lease term was 3.67 years and 4.25 years as of March 31, 2024 and the weighted average discount rate was 5% (per annum) for March 31, 2024.

The following table presents undiscounted cash outflows for operating leases on annual basis for next five years and thereafter.

Amount in USD	March 31, 2024
Within 1 year	\$ 127,440
1-2 years	130,626
2-3 years	133,812
3-4 years	34,250
4-5 Years	-
>5 years	-
Total	\$ 426,128

The rent payment for the twelve months ending March 31, 2024 was \$ 124,254.

The Company does not have any material outstanding capital commitments and contingent Liabilities as on the date of the Balance Sheet.

Contingent liabilities: The Company is named in various claims and legal actions in the ordinary course of business. Based on the counsel and management's opinion, there are no pending significant legal proceedings to which the Company is a party, the ultimate outcome would have a material adverse effect on the Company's financial position.

Note F – Line of Credit

On February 4, 2019, the Company has executed \$ 15,000,000 Master revolving note with Comerica Bank. As per the credit agreement, amount unpaid as per the credit agreement shall not exceed at any time, the face amount of the note or 85% of company's eligible accounts (Eligible accounts as defined in the credit agreement), whichever is lesser. If at any time, the unpaid principal balance exceeds 85% of company's eligible account or the face amount, company will have to repay the excess within one business day without the necessity of notice or demand by bank. Interest is payable monthly, on the first business day of each month, from the date made until the same is paid in full. Daily adjusting LIBOR rate or the extent applicable, the prime referenced rate, will be used for computation of interest plus an applicable margin of 2.5% per annum. The revolving note is also subject to an unused commitment fee of 0.25% per annum on the unused portion of face amount of this debt. The current maturity date of the note is February 4, 2025. The Company is subject to affirmative covenants as per the loan agreement and the financial covenants, as per the agreement are summarized below.

- a. Maintain Tangible effective net worth of not less than
 1. US\$ 12,500,000 as of March 31, 2023
 2. Commencing as of March 31, 2023 and as of the last day of each succeeding fiscal year thereafter, the minimum amount of consolidated tangible effective net worth to be maintained hereunder during each respective annual period commencing as of each such

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

date shall be increased by 50% of net income of borrower for the respective annual period ending as of each such date, without deduction for losses or negative net income

- b. Maintain a consolidated senior debt to EBITDA of not more than the following:
 - 1. From the date of the agreement - 3:1
 - 2. From and after December 31, 2019 2.5:1
- c. Maintain at all times, a consolidated interest coverage ratio of not less than 2:1

For year ended March 31, 2024, the company has paid interest of \$ 118,860 towards line of credit. Principal balance outstanding as of March 31, 2024 was Zero. As per the management, Company has met the financial covenants as of the reporting date.

Note G - Retirement Benefits

The Company adopted a 401(k)-profit sharing plan for its employees effective August 12, 2014. There is no age or service period requirement for elective deferral eligibility. However, for non-elective contributions and matching contributions eligibility requirement, the employees are eligible to become participants following one year of employment, with at least 1000 hours of service and should have attained a minimum of 21 years of age. The amount of elective deferral allowed is up to 92% of contributing participant's compensation. The company can make matching contributions, based on its sole discretion as determined year to year. For twelve months ended March 31, 2024, the company contributed \$ 320,529 towards 401 K plan.

Note H - Income Taxes

The components of the provision for income taxes for the twelve months ended March 31, 2024 was as follows:

For the year ended March 31,	2024
Current taxes	
State	\$ 583,273
Federal	2,218,765
Prior period taxes/(credit)	10,574
Total – current	\$ 2,812,612
Deferred tax credit	(159,393)
Provision for income taxes	\$ 2,653,219

The components of the deferred income tax assets and liabilities were as follows:

As of March 31,	2024
<u>Deferred income tax assets:</u>	
Provision for doubtful debts	\$ 105,793
Stock options	147,690
Leave encashment provision	95,397
Depreciation	36,731
Lease assets, net	12,089
Net deferred income tax assets	\$ 397,700

Uncertain tax positions: As of the report date, the Company does not have any uncertain tax liabilities or benefits that could materially affect the effective tax rate. The tax years 2023, 2022 and 2021 were open as of date of report. Management regularly assesses the tax risk of the company's return filing positions for all open years.

Note I – Employee Stock Options

During twelve months ended March 31, 2022, the parent company granted stock-based compensation to an employee of Cigniti Technologies Inc. The amount granted was charged to Cigniti Technologies Inc towards the employee stock option expenses. The tax benefits related to stock based compensation has been reflected under deferred tax asset as the amount will be tax deductible in the year the options are exercised. Stock-based compensation expense has been reflected under staff wages and benefits - support. For the twelve months ended March 31, 2024, the amount of stock based expense was \$ 234,556.

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Note J – Related party transactions

In the ordinary course of business, the company enters into transactions with its Parent Company - Cigniti Technologies Limited and its affiliates. During the twelve months ended March 31, 2024, the offshore delivery expenses incurred was \$ 70,416,937.

Transactions with related parties are as follows:

Entity/Related Party	Twelve months ended March 31, 2024	Category
Cigniti Technologies Canada Inc.	\$ 3,193,833	Staff wages and benefits
Cigniti Technologies (Australia) Pty Ltd	73,704	Outside services
Cigniti Technologies Canada Inc.	1,442,316	Outside services
Cigniti Technologies Limited	70,416,937	Offshore delivery expenses
Cigniti Technologies (UK) Limited	(62,994)	Reimbursement of expenses
Cigniti Technologies Canada Inc.	15,680	Reimbursement of expenses
Cigniti Technologies Limited	(318,827)	Reimbursement of expenses
Cigniti Technologies Ltd_South Africa Branch	72,771	Reimbursement of expenses
Cigniti Technologies CR Limitada	106,015	Reimbursement of expenses
Cigniti Technologies SG	-	Reimbursement of expenses

The balances due to/due from group companies are non-interest bearing and are receivable/repayable on demand. Balances outstanding to / from the parent company, affiliates, and Cigniti Technologies Inc as of March 31, 2024 was :

	As of March 31, 2024	
	Due from Affiliates	Due to Affiliates
Cigniti Technologies Ltd – Parent Entity	-	\$ 6,525,591
Cigniti Technologies (SA) Ltd	1,597,834	-
Cigniti Technologies Canada Inc	-	1,149,126
Cigniti UK Ltd	772,351	-
Cigniti Technologies Ltd – Dubai branch	-	4,345
Cigniti Technologies SG	10,312	-
Cigniti Technologies CR Limitada	106,014	-
Cigniti Tech Australia Pty Ltd.	981,616	-
Total	\$ 3,468,127	\$ 7,679,062

Remuneration and expenses paid to Directors, during the twelve months ended March 31, 2024 was:

Twelve months ended March 31,	2024
Mr. Srikanth Chakkilam	\$ 727,218
Primentor Inc – Mr. Paneesh Murthy	330,000
Travel expenses (Mr.Srikanth Chakkilam)	2,534
Travel expenses (Primentor)	42,873

Balances payable to directors as of March 31, 2024 are as follows:

As of March 31,	2024
Mr. Srikanth Chakkilam	\$ 31,347
Primentor Inc – Mr. Paneesh Murthy	27,500

CIGNITI TECHNOLOGIES INC
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

Note K – Subsequent Events

The Company has evaluated subsequent events through April 29, 2024 the date on which the financial statements were available to be issued. The company does not have any reportable events occurring after March 31, 2024.

Impact of COVID-19 Pandemic: The COVID-19 outbreak in early 2020 has adversely affected economic activity globally, nationally and locally. However, this has been a thing of the past due to which there has been no specific impact in the year ended March 31, 2024, although occurrence of such an event may impact the business and profitability.

The Management is not aware of any other matter or circumstance, other than those which are disclosed above or not otherwise dealt with in the Financial Statements that has significantly or may significantly affect the operations of the company in the subsequent years the financial effects of which has not been provided for as of the March 31, 2024.

Note L – Common Stock

The Company is authorized to issue 1500 shares at \$ 1 par value. As of March 31, 2024, the company had 1000 shares of common stock, issued and outstanding. The entire issued and outstanding common stock is currently held by Cigniti Technologies Ltd (Public limited company registered in India).

Note M – Segment Revenues

The Company's operations comprise only of technology staffing and IT services on both project and hourly basis and the financial statements reflect the performance for the segment as such. Segments are identified taking into account the nature of the business, the differing risks and returns, the organization structure and internal reporting system. Accordingly, the Company has considered only one business segment as the primary segment. The Company presently caters to the domestic market and hence there are no reportable Geographic segments.

Note N – Risks and Uncertainties of Doing Business

A few of the Company's engagements involve projects that are critical to the operations of its customers' businesses. Any failure in a customer's system could impact the operations of the customer and result in a claim for substantial damages against the Company. However, the Company limits contractually its liability for damages arising from errors, mistakes or omissions in rendering its information technology services, which is enforceable in most instances or would otherwise protect the Company from liability for damages. Further, Company is of the opinion that these risks are adequately covered by insurance and this will not have a material effect on the Company's business, financial condition and results of operations.

Note O – Comparative statements

Please refer to "Other matter" in audit report and Page 19 – 23 for comparatives .

VBC & COMPANY
Certified Public Accountants
A Professional Corporation
97 Cedar Grove Lane, Suite 202
Somerset, NJ 08873

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

**To the Stockholder and Board of Directors of,
Cigniti Technologies Inc,
Irving, TX**

Our report on our audit of the basic financial statements of Cigniti Technologies Inc, for the twelve months ended March 31, 2024 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information representing Cost of Sales and Selling, General and Administration expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplemental information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.



Balachander Venkataramanan
VBC & Company
Certified Public Accountants
Somerset, New Jersey
April 29, 2024

CIGNITI TECHNOLOGIES INC
SUPPLEMENTARY SCHEDULE
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024

	2024
Other Income	
Forex movement	\$ 12,753
Miscellaneous income	1,072,579
Profit on sale of Fixed asset	9,668
Total Other Income	<u>\$ 1,095,000</u>
Cost of sales	
Offshore delivery expenses	\$ 71,347,944
Outside services	28,552,845
Immigration expense	314,050
Staff wages and benefits	38,797,955
Travel expenses	741,566
Total cost of sales	<u>\$ 139,754,360</u>
General & administrative expenses	
Bank service charges	51,465
Provision for Doubtful Debts	301,003
Business promotion expenses	5,293,161
Computer and Internet	1,338
Discounts	2,037,476
Dues and subscriptions	920,045
Insurance	279,142
Legal and professional fees	2,030,667
Office expenses	85,486
Payroll processing fees	57,495
Postage and delivery	80,320
Printing & Stationary	27,056
Recruitment Expenses	156,883
Sales and marketing	313,730
Software Licensing Cost	1,480,871
Staff wages and benefits - support	10,841,365
Tax & License	222,407
Telephone	173,594
Travel	1,026,466
Donations	1,539
Utilities	33,645
Total general & administrative expenses	<u>\$ 25,415,156</u>

(See report of independent auditor's and accompanying notes to financial statements)

CIGNITI TECHNOLOGIES INC

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CIGNITI TECHNOLOGIES INC
BALANCE SHEETS
AS OF MARCH 31, 2024 AND MARCH 31, 2023

	AUDITED	REVIEWED
	2024	2023
Current Assets		
Cash and cash equivalents	\$ 4,401,618	\$ 1,045,437
Accounts receivable, net	36,441,550	33,029,013
Other current assets	1,527,640	398,139
Due from affiliates	3,468,127	3,840,451
Total current assets	45,838,935	38,313,039
Property and equipment, net	146,163	282,604
Right of - Use Asset	346,749	453,441
Investments	299,999	199,998
Security deposits	36,488	36,488
Deferred tax asset	397,700	238,307
Total other assets	1,227,099	1,210,837
Total assets	\$ 47,066,034	\$ 39,523,877
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,469,412	\$ 7,329,151
Accrued payroll and payroll taxes	2,937,277	3,608,550
Accrued income taxes	537,628	693,412
Due to affiliates	8,610,069	6,950,283
Other current liabilities	455,005	571,341
Current portion of lease obligations	110,798	102,291
Total current liabilities	19,120,188	19,255,027
Long term liabilities		
Long term portion of lease obligations	282,988	393,786
Total long term liabilities	282,988	393,786
Stockholder's equity		
Common stock, \$1 par value, 1500 shares authorized, 1000 shares issued and outstanding		
Capital Stock	1,000	1,000
Additional paid in capital	402,045	402,045
Retained earnings	27,259,813	19,472,019
Total stockholder's equity	27,662,858	19,875,064
Total liabilities and stockholder's equity	\$ 47,066,034	\$ 39,523,877

(See "Other Matter" in independent auditor's report)

CIGNITI TECHNOLOGIES INC
STATEMENTS OF INCOME
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

	AUDITED	REVIEWED
	2024	2023
Revenue		
Consulting income	\$ 174,925,300	\$ 164,786,643
Other income	1,095,000	134,979
Total Revenue	<u>176,020,300</u>	<u>164,921,623</u>
Cost of sales	139,754,360	132,708,898
Gross profit	<u>36,265,940</u>	<u>32,212,724</u>
General and administrative expenses	25,415,156	22,031,005
Income before depreciation, interest and tax	<u>10,850,784</u>	<u>10,181,719</u>
Interest expense	118,860	128,407
Depreciation - Lease asset	106,692	106,692
Depreciation	162,256	158,609
Income before income taxes	<u>10,441,013</u>	<u>9,761,266</u>
Provision for income taxes	2,802,038	2,493,558
Deferred income tax/(credit)	(159,393)	(118,926)
Prior period taxes/(credit)	10,574	(193,641)
Net income	<u>\$ 7,787,794</u>	<u>\$ 7,580,275</u>
Beginning retained earnings	19,472,019	11,891,744
Net income	7,787,794	7,580,275
Ending retained earnings	<u>\$ 27,259,813</u>	<u>\$ 19,472,019</u>

(See "Other Matter" in independent auditor's report)

CIGNITI TECHNOLOGIES INC
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

	AUDITED	REVIEWED
	2024	2023
Cash flow from operating activities		
Net income after taxes	\$ 7,787,794	\$ 7,580,275
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	162,256	292,046
Profit on sale of asset	(9,668)	-
Interest expense - Lease obligation	21,963	26,745
Depreciation - Lease asset	106,692	106,692
Changes in operating assets and liabilities:		
Trade and other receivables	(3,412,537)	(4,086,743)
Accounts payable, accrued expenses	(859,739)	(308,854)
Other current assets	(1,129,502)	110,874
Lease assets- Net	(124,254)	(224,238)
Other assets	(159,393)	(118,926)
Accrued payroll and related costs	(671,273)	1,128,588
Accrued income taxes	(155,784)	(519,869)
Other liabilities	(116,336)	31,421
Net cash provided by/(used in) operating activities	<u>1,440,219</u>	<u>\$ 4,105,702</u>
Cash flow from investing activities		
Purchase of assets	(83,148)	(155,579)
Sale of assets	67,000	-
Purchase of investments	(100,001)	(199,998)
Net cash provided by/(used in) investing activities	<u>(116,149)</u>	<u>(355,576)</u>
Cash flow from financing activities		
Dues from/(to) affiliates	2,032,110	-
Net cash provided by/(used in) financing activities	<u>2,032,110</u>	<u>\$ (2,956,919)</u>
Increase/(decrease) in cash and cash equivalents	<u>3,356,180</u>	<u>\$ 793,207</u>
Cash and cash equivalents, beginning of period	1,045,437	252,230
Cash and cash equivalents, end of period	<u>\$ 4,401,618</u>	<u>\$ 1,045,437</u>
Interest paid	\$ 134,618	\$ 116,117
Taxes paid	\$ 2,957,847	\$ 2,841,298

(See "Other Matter" in independent auditor's report)

CIGNITI TECHNOLOGIES INC
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

	AUDITED	REVIEWED
	2024	2023
Common stock and paid-in capital		
Balance, beginning of period	\$ 1,000	\$ 1,000
Additional paid in capital	402,045	402,045
Balance, end of period	<u>403,045</u>	<u>\$ 403,045</u>
Accumulated retained earnings		
Balance, beginning of period	19,472,019	\$ 11,891,744
Net Income during the year	7,787,794	7,580,275
Total stockholder's equity	<u>\$ 27,662,858</u>	<u>\$ 19,875,064</u>

(See "Other Matter" in independent auditor's report)

CIGNITI TECHNOLOGIES INC
SUPPLEMENTARY SCHEDULES
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

	AUDITED	REVIEWED
	2024	2023
Other Income		
Forex movement	\$ 12,753	\$ -
Provision no longer required	-	93,654
Miscellaneous income	1,072,579	41,325
Profit on sale of Fixed asset	9,668	-
Total Other Income	\$ 1,095,000	\$ 134,979
Cost of sales		
Offshore delivery expenses	\$ 71,347,944	\$ 66,986,492
Outside services	28,552,845	30,058,335
Immigration expense	314,050	223,627
Staff wages and benefits	38,797,955	34,719,318
Travel expenses	741,566	721,128
Total cost of sales	\$ 139,754,360	\$ 132,708,898
General & administrative expenses		
Bad debts	\$ -	\$ 138,881
Bank service charges	51,465	62,492
Provision for Doubtful Debts	301,003	-
Business promotion expenses	5,293,161	3,077,145
Computer and Internet	1,338	1,623
Discounts	2,037,476	1,513,559
Dues and subscriptions	920,045	529,316
Forex movement	-	85,120
Insurance	279,142	157,194
Legal and professional fees	2,030,667	1,945,620
Office expenses	85,486	76,911
Payroll processing fees	57,495	52,995
Postage and delivery	80,320	69,089
Printing & Stationary	27,056	7,262
Recruitment Expenses	156,883	310,920
Rent	-	56,059
Sales and marketing	313,730	789,499
Software Licensing Cost	1,480,871	1,490,686
Staff wages and benefits - support	10,841,365	10,495,789
Tax & License	222,407	204,321
Telephone	173,594	105,980
Travel	1,026,466	820,507
Donations	1,539	5,300
Utilities	33,645	34,737
Total general & administrative expenses	\$ 25,415,156	\$ 22,031,005

(See "Other Matter" in independent auditor's report)