

Cigniti Technologies Canada Inc.

For the year ended March 31, 2024

(Presented in Canadian dollars)

Independent Auditor's Report

To the Shareholder of Cigniti Technologies Canada Inc.:

Opinion

We have audited the accompanying financial statements of Cigniti Technologies Canada Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2024, and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended March 31, 2023 were unaudited. A review engagement report for this period was issued and dated April 28, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario

April 29, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Cigniti Technologies Canada Inc.

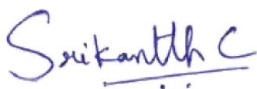
Statement of Financial Position

As at March 31, 2024

(Presented in Canadian dollars)

	Note	March 31, 2024	March 31, 2023 (unaudited)
		\$	\$
ASSETS			
Current			
Cash		689,047	387,499
Accounts receivable	13,14	3,308,381	3,233,619
Prepaid expenses and deposits		62,249	91,890
		4,059,677	3,713,008
Equipment	5	15,919	16,143
Right-of-use asset	6	207,717	265,684
Due from related company	7,11	1,556,170	681,072
Total assets		5,839,483	4,675,907
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current			
Accounts payable and accrued liabilities	8,13	1,353,700	1,482,915
Income taxes payable	13	269,827	220,789
Deferred revenue		136,244	18,807
Current portion of lease liability	6	48,148	53,741
		1,807,919	1,776,252
Lease liability	6	182,887	231,035
Due to related company	9,13	1,597,195	1,049,272
Total liabilities		3,588,001	3,056,559
Shareholder's equity			
Share capital	10	1	1
Equity		2,251,481	1,619,347
		2,251,482	1,619,348
Total liabilities and shareholder's equity		5,839,483	4,675,907

Approved on behalf of the Board of Directors

[signed] 
Srikanth Chakkilam
 Director

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

Cigniti Technologies Canada Inc.

Statement of Income and Comprehensive Income

As at March 31, 2024

(Presented in Canadian dollars)

	Note	March 31, 2024	March 31, 2023 (unaudited)
		\$	\$
Revenue		18,040,910	16,202,989
Operating expenses			
Salaries and employee benefits	11	6,503,783	5,478,844
Consulting fees	11	5,149,169	5,327,049
Subcontractor fees	11	4,540,388	3,964,731
Insurance		425,132	316,521
Interest and bank charges		126,661	23,088
Travel		85,169	37,654
Rent	6	81,621	68,689
Depreciation	5,6	70,827	72,179
Professional fees		50,803	149,079
Bad debt (recovery)	13	35,591	(42,007)
Telephone, fax and internet		30,878	19,353
Office and general		20,799	8,836
Accretion	6	12,741	6,550
Advertising		4,774	-
Foreign exchange (gain) loss		411	(41,140)
Meals and entertainment		-	3,900
		17,138,747	15,393,326
Income before income taxes		902,163	809,663
Income tax expense	12	270,029	220,789
Net income and comprehensive income		632,134	588,874

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

Cigniti Technologies Canada Inc.

Statement of Changes in Equity

For the year ended March 31, 2024

(Presented in Canadian dollars)

	Note	Number of common shares	Share capital	Equity	Total
		#	\$	\$	\$
Balance at March 31, 2022		100	1	1,030,473	1,030,474
Net income and comprehensive income		-	-	588,874	588,874
Balance at March 31, 2023		100	1	1,619,347	1,619,348
Net income and comprehensive income		-	-	632,134	632,134
Balance at March 31, 2024		100	1	2,251,481	2,251,482

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

Cigniti Technologies Canada Inc.

Statement of Cash Flows

For the year ended March 31, 2024

(Presented in Canadian dollars)

	Note	March 31, 2024	March 31, 2023 (unaudited)
		\$	\$
Cash flows used in operating activities:			
Net income and comprehensive income		632,134	588,874
Depreciation		70,827	72,179
Accretion		12,741	6,550
		715,702	667,603
Changes in non-cash operating working capital:			
Accounts receivable		(74,762)	(841,357)
Prepaid expenses and deposits		29,640	1,096
Accounts payable and accrued liabilities		(129,215)	151,800
Income taxes payable		49,038	71,849
Deferred revenue		117,437	18,807
		707,840	69,798
Cash flows from financing activities:			
Repayment of lease liability	6	(66,482)	(48,525)
Repayments from related company		547,923	627,836
Repayments to related company		(875,098)	(681,072)
		(393,656)	(101,761)
Cash flows from investing activities:			
Purchase of equipment		(12,636)	(11,540)
Change in cash		301,548	(43,503)
Cash, beginning of year		387,499	431,001
Cash, end of year		689,047	387,499
Supplementary Information (Note 6)			
Right-of-use asset obtained via finance lease		-	(289,837)

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

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2024
(Presented in Canadian dollars)

1. Nature of operations

Cigniti Technologies Canada Inc. (the “Company”) was incorporated on February 6, 2013 under the laws of the Province of British Columbia. The Company provides software testing services. The parent of the company is Cigniti Technologies Limited, based in Hyderabad, India.

The address of the Company’s registered office is 302-2000 Argentia Road, Plaza 4, Mississauga, Ontario, L5N 1W1.

These financial statements were approved for issuance by the Company’s Board of Directors on April 29, 2024.

2. Statement of compliance and basis of presentation

Statement of compliance

These financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of presentation

These financial statements are presented in Canadian dollars, which is the Company’s functional and presentational currency. These financial statements were prepared on a going concern basis, under the historical cost convention except for fair value through profit and loss financial assets and available for sale financial assets, which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below:

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for services provided by the Company, net of discounts and sales taxes. The Company generates revenue from software testing and consulting services.

Revenue is billed at the end of each month and is recognized based on the hours incurred at customer approved rates when persuasive evidence of an arrangement exists, and the Company is reasonably assured of collection. Revenue for fixed bid projects is recognized to the extent that completion milestones are achieved, persuasive evidence of an arrangement exists, and collectability is reasonably assured.

The Company enters master contracts with each of its customers. The master contract identifies all basic terms and conditions for transactions between the parties. Within the Master Contract all service work is also included for the purpose of specifying each party’s respective obligations and the services to be transferred.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

Projects deliverables for both time and material and fixed bid projects are outlined in the master contract and typically include software testing and IT platform consulting services. The transaction price for time and materials is based on the standard charge out rates as stipulated in the master contract. Revenue is allocated to these single performance obligations.

Revenue for time and material contracts are recognized as service is performed. For fixed bid projects, revenue is recognized based on the percentage of completion method. Under the percentage of completion method, revenue is recognized proportionally to the completion of contract as assessed by project milestones.

Foreign currency translation

Transactions in foreign currencies are initially recorded at the exchange rate in effect at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Differences arising on settlement or translation of monetary items are recognized in the statement of income and comprehensive income.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the statement of income and comprehensive income. Current income tax expense represents the amount of income taxes payable based on tax law that is enacted or substantially enacted at the reporting date and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability or asset is recognized for income tax payable or paid but recoverable in respect of all periods to date.

The Company uses the deferred tax method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the quarter in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

recognized in the statement of income and comprehensive income in the period in which the enactment or substantive enactment occurs. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized. Deferred

tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its deferred tax assets and liabilities on a net basis.

Financial instruments

Financial instruments are initially recognized at fair value when the Company becomes a party to a contract, plus or minus transaction costs for instruments subsequently measured at amortized cost. Subsequent accounting is described below:

Financial Assets

On initial recognition, the measurement category is determined, based on both the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

Financial assets are measured as either:

Fair value through profit and loss (FVTPL) – which is required for instruments that are held for trading and derivative assets.

Amortized cost – if the instrument is held within a business model whose objective is to collect contractual cash flows and the cash flows represent Solely Payments of Principal and Interest (SPPI).

Fair value through other comprehensive income (FVOCI) – which is required for debt instruments held in a dual-purpose business model, to collect contractual cash flows and to sell the instruments and can be irrevocably elected at initial recognition provided they have not been designated as FVTPL and are not held for trading.

Designated as FVTPL – available on initial recognition provided certain criteria are met.

The Company's financial assets, which consist of cash, due from related company, and accounts receivable, are accounted for at amortized cost.

Impairment of financial assets

Financial assets measured at amortized cost are assessed for impairment at each reporting date using an Expected Credit Loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or receivable since initial recognition.

The Company's financial assets are short-term in nature and contain no financing component. The Company uses the simplified approach to calculate their ECL.

Financial Liabilities

Financial liabilities are measured as either:

FVTPL – which is required for any financial instrument liability held for trading and for derivative liabilities.

Cigniti Technologies Canada Inc.

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(Presented in Canadian dollars)

Designated as FVTPL – available on initial recognition if either: the instrument includes one or more embedded derivatives and the host contract is not a financial asset; or if the instrument meets certain criteria.

Designated as at fair value – in certain circumstances a financial liability can be irrevocably designated at initial recognition as at fair value, with changes in fair value related to changes in the entity's own credit risk recognized in other comprehensive income and all other changes in fair value recognized in net income.

Amortized cost – which is the default category and is also used for any host contract that is a financial instrument liability.

The Company's financial liabilities, which consist of accounts payable and accrued liabilities, lease obligation and due to related companies are measured at amortized cost using the effective interest method.

Recently adopted accounting policies

IAS 1 Presentation of Consolidated Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Amendments to IAS 1 and IFRS Practice Statement 2, issued in February 2021, help entities provide accounting policy disclosures that are more useful to primary users of consolidated financial statements by replacing the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies and providing guidance to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are required to be applied prospectively. This does not have a material impact on the financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in February 2021, introduce a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. This does not have a material impact on the financial statements.

Future accounting policies

IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows (Amendments)

In May 2023, the International Accounting Standards Board (IASB) issued disclosure-only amendments to IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows which were incorporated into Part I of the CPA Canada Handbook – Accounting in August 2023. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management.

The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The Company does not expect these amendments to have a material impact on the financial statements.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendments)

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, which are anticipated to be incorporated into Part I of the CPA Canada Handbook - Accounting in Q4 2023.

The amendments

Specify when a currency is exchangeable into another currency and when it is not - a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

Specify how an entity determines the exchange rate to apply when a currency is not exchangeable - an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

Require the disclosure of additional information when a currency is not exchangeable - an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

3. Significant accounting judgements, estimates and assumptions

Critical accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Critical accounting estimates are as follows:

(i) Expected credit losses:

The Company is exposed to credit risk associated with its trade receivables. Management reviews the trade receivables at each reporting date and assesses and estimates an expected credit loss based on forward looking probabilities of default. The expected recovery amounts could vary from the actual cash received.

(ii) Depreciation:

The amount of depreciation expense recognized is affected by estimates of the useful lives of assets and their residual amounts. These estimates may change as more experience is obtained.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2024
(Presented in Canadian dollars)

4. Equipment

	\$
Cost	
Balance, March 31, 2023	95,133
Additions	12,636
Balance, March 31, 2024	107,769
Accumulated depreciation	
Balance, March 31, 2023	78,990
Depreciation	12,860
Balance, March 31, 2024	91,850
Net book value	
March 31, 2023	16,143
March 31, 2024	15,919

5. Right-of-use asset and lease liability

The Company leases its office premises and has recognized a right-of-use asset and corresponding lease liability in respect of this lease. The following schedule shows the movement in the Company's right-of-use asset during the year:

	\$
Cost	
Balance, March 31, 2023	462,008
Additions	-
Balance, March 31, 2024	462,008
Accumulated depreciation	
Balance, March 31, 2023	196,324
Depreciation	57,967
Balance, March 31, 2024	254,291
Net book value	
March 31, 2023	265,684
March 31, 2024	207,717

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

6. Right-of-use asset and lease liability (continued from previous page)

The right-of-use asset is being depreciated on a straight-line basis over the remaining lease term. The Company's office premises lease expired at the end of October 2022 and was renewed for a five-year period from November 1, 2022, to October 31, 2027. The expense relating to variable lease payments not included in the measurement of lease liabilities totaled \$81,621 (2023 - \$68,689), presented as 'rent' in the statement of income and comprehensive income.

The following schedule shows the movement in the Company's lease liability during the year:

	\$
Balance, March 31, 2022	36,914
Accretion expense	6,550
Lease payments	(48,525)
Addition	289,837
Balance, March 31, 2023	284,776
Accretion expense	12,741
Lease payments	(66,482)
Addition	-
Balance, March 31, 2024	231,035

A reconciliation of the current and non-current components of the lease liability at March 31, 2024 follows:

	\$
Current	48,148
Non-current	182,887
Balance, March 31, 2024	231,035

Future minimum lease payments related to the lease obligation are as follows:

	\$
2025	68,393
2026	71,068
2027	71,068
2028	41,456
Less: future accretion	(20,950)
Total	231,035

7. Due from related company

The amount due from related company is due from Cigniti Technologies Inc., USA, a company under common control, is unsecured, non-interest bearing and has no fixed terms of repayment. The Company has agreed not to demand repayment during the twelve-month period ending March 31, 2025.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes harmonized sales taxes payable of \$223,463 (2023 - \$38,370).

9. Due to related company

The amount due to related company is due to Cigniti Technologies Limited, the Company's parent, is unsecured, non-interest bearing and has no fixed terms of repayment. The related party has agreed not to demand repayment during the twelve-month period ending March 31, 2025.

10. Share capital

Issued common shares:

	March 31, 2024	March 31, 2023 (unaudited)
	\$	\$
Common shares		
100 Common shares	1	1

All of the issued and outstanding common shares are held by Cigniti Technologies Limited, the parent Company.

11. Related party transactions

During the year ended March 31, 2024, the Company had the following transactions with related parties:

	March 31, 2024	March 31, 2023 (unaudited)
	\$	\$
Cigniti Technologies Inc., USA		
Consulting fees charged back	1,947,151	1,961,447
Salaries and employee benefits charged back	4,314,107	2,897,763
Cigniti Technologies Limited		
Subcontractor fees	4,540,388	3,964,731

From time to time, the Company provides consultants and employees to Cigniti Technologies Inc., USA and charges them back the Company's cost for services rendered. These charge backs are recognized as a reduction to consulting fees and salaries and employee benefits expenses on the statement of income and comprehensive income. The Company's executive function is outsourced to Cigniti Technologies Limited. Expense related to this is included in subcontractor fees.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

12. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective rate is as follows:

	March 31, 2024	March 31, 2023 (unaudited)
	\$	\$
Income before income taxes	902,163	809,663
Statutory income tax rate	26.50%	26.50%
Expected recovery at statutory income tax rate	239,073	214,561
Reconciling items:		
Impact of difference between amortization for accounting purposes and CCA taken in the period	16,287	15,834
Other temporary differences	(14,242)	(10,643)
Non-deductible expenses	28,911	1,037
	270,029	220,789

13. Financial instruments

The Company is exposed to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Management is charged with responsibility for establishing controls and procedures to ensure that financial risks are mitigated with appropriate policies.

Concentration of credit risk and economic dependence

The Company is exposed to credit risk with respect to the collectability of its customer accounts receivable. Credit risk is concentrated as three customers represented 73% (2023 - three customers represented 69%) of the Company's accounts receivable balance as at March 31, 2024. Contracts with four customers accounted for 76% of revenue for the year ended March 31, 2024 (2023 - four customers accounted for 70% of revenue).

The Company performs regular credit assessments of its customers' accounts receivable where appropriate and provides allowances for potentially uncollectable accounts receivable balance.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

13. Financial instruments (continued from previous page)

	March 31, 2024	March 31, 2023 (unaudited)
	\$	\$
Accounts receivable not past due	2,708,443	2,714,412
Accounts receivable past due and not impaired		
1 to 30 days	620,630	448,166
31 to 60 days	-	-
61 to 90 days	4,572	72,184
Over 90 days	10,327	(1,144)
	3,343,972	3,233,619

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. Liquidity risk is also measured by reviewing the Company's future net cash flows for the possibility of a negative cash flow. The Company manages liquidity risk resulting from accounts payable and accrued liabilities, lease obligation, and due to related companies by ensuring sufficient cash is on hand from cash flows from operating activities.

The following are the contractual maturities of financial liabilities and other commitments as at March 31, 2024:

Maturity	< 1 year	> 1 year	Total
	\$	\$	\$
Accounts payable and accrued liabilities	1,353,700	-	1,353,700
Due to related party	-	1,597,195	1,597,195
Income taxes payable	269,826	-	269,826

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Company is exposed to interest rate risk through the impact of changes in market interest rates on the fair value of its financial instruments. The exposure to interest rate risk relates to the Company's due from related company, due to related company and lease obligation balances as they are non-interest bearing. Other financial instruments are not exposed to significant interest rate risk.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements

For the year ended March 31, 2024

(Presented in Canadian dollars)

14. Accounts receivable

	March 31, 2024	March 31, 2023 (unaudited)
	\$	\$
Accounts receivable	3,343,972	3,233,619
Less: expected credit loss	(35,591)	-
	3,308,381	3,233,619

Given the Company has no history of bad debts, estimated expected credit losses as at March 31, 2024 were \$35,591 (2023 - \$nil).

15. Capital risk management

Capital is comprised of the Company's shareholder's equity and any debt it may issue. As of March 31, 2024, the Company's shareholders' equity was \$2,251,482 (2023 – \$1,619,348). The Company's objective is to maintain a capital structure that supports its long-term growth strategy, maintains creditor and customer confidence, and maximizes shareholder value. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. No changes were made in the objectives, policies, or processes of capital management during the year ended March 31, 2024.

The Company is dependent on cash flows generated from its operations and from related party financing to funds its activities. The Company is not subject to any externally imposed capital requirements.