Cigniti Technologies Canada Inc.

For the year ended March 31, 2019

(Presented in Canadian dollars)

MNP LLP

Independent Auditors' Report

To the Shareholder of Cigniti Technologies Canada Inc.:

Opinion

We have audited the accompanying financial statements of Cigniti Technologies Canada Inc., which comprise the statement of financial position as at March 31, 2019, and the statements of income and comprehensive income, changes in equity (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Restriction on Use

This report is intended solely for use of the management of Cigniti Technologies Canada Inc. and Cigniti Technologies Limited, and of S.R. Batliboi & Associates LLP, in its capacity as the group auditor of Cigniti Technologies Limited and should not be used for any other purpose.

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.

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.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

April 29, 2019 — Licensed Public Accountants

Cigniti Technologies Canada Inc.
Statement of Financial Position
As at March 31, 2019
(Presented in Canadian dollars)

	Note	**March 31, 2019**	March 31, 2018
		$	$
ASSETS			
Current			
Cash		**24,459**	82,865
Accounts receivable	10, 11	**1,660,026**	1,260,445
Prepaid expenses and deposits		**56,924**	76,545
		1,741,409	1,419,855
Equipment		**2,756**	-
Total assets		**1,744,165**	1,419,855
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5, 10	**422,922**	660,087
Income tax payable		**51,589**	-
		474,511	660,087
Deferred revenue		**20,780**	-
Due to related companies	6, 10	**1,130,290**	953,466
Total liabilities		**1,625,581**	1,613,553
Shareholder's equity			
Share capital	7	**1**	1
Equity (deficit)		**118,583**	(193,699)
		118,584	(193,698)
Total liabilities and shareholder's equity		**1,744,165**	1,419,855

Approved on behalf of the Board

C. V. Subramanyam

Ventaka Subramanyam Chakkilam
Director

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

Cigniti Technologies Canada Inc.

Statement of Income and Comprehensive Income
For the year ended March 31, 2019
(Presented in Canadian dollars)

	Note	**March 31, 2019**	March 31, 2018 *(Note 14)*
		$	$
Revenue	10	**6,286,284**	5,163,315
Operating expenses			
Salaries and employee benefits		**2,980,719**	2,897,932
Consulting fees	8	**1,370,913**	1,075,658
Subcontractor fees	8	**1,067,217**	839,779
Insurance		**212,717**	117,330
Bad debt		**91,922**	-
Rent		**97,900**	75,395
Professional fees		**53,694**	66,782
Office and general		**22,592**	22,809
Telephone, fax and internet		**18,337**	9,322
Travel		**9,536**	11,380
Interest and bank charges		**8,162**	9,135
Meals and entertainment		**7,663**	3,368
Foreign exchange (gain) loss		**(19,809)**	20,868
Depreciation		**850**	-
		5,922,413	5,149,758
Earnings before income tax		**363,871**	13,557
Income tax expense	9	**51,589**	-
Net income and comprehensive income		**312,282**	13,557

Cigniti Technologies Canada Inc.

Statement of Changes in Equity (Deficit)
For the year ended March 31, 2019
(Presented in Canadian dollars)

	Note	Number of common shares	Share capital	Accumulated equity (deficit)	Total
			$	$	$
Balance at March 31, 2017	7	100	1	(207,256)	(207,255)
Net income and comprehensive income for the year		-	-	13,557	13,557
Balance at March 31, 2018		**100**	**1**	(193,699)	(193,698)
Net income and comprehensive income for the year		**-**	**-**	**312,282**	**312,282**
Balance at March 31, 2019		**100**	**1**	**118,583**	**118,584**

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, 2019
(Presented in Canadian dollars)

	Note	March 31, 2019	March 31, 2018
		$	$
Cash flows used in operating activities:			
Net income and comprehensive income		**312,282**	13,557
Depreciation		**850**	-
Changes in non-cash w orking capital:			
Accounts receivable		**(399,581)**	(540,500)
Prepaid expenses and deposits		**19,621**	(68,715)
Income taxes payable		**51,589**	-
Accounts payable and accrued liabilities	5	**(237,165)**	392,506
Deferred revenue		**20,780**	-
		(231,624)	(203,152)
Cash flows from financing activities:			
Advances to related parties	6	**176,824**	225,703
		176,824	225,703
Cash flows from investing activities:			
Advances from related parties		-	14,988
Purchase of equipment		**(3,606)**	-
		(3,606)	14,988
Change in cash		**(58,406)**	37,539
Cash, beginning of year		**82,865**	45,326
Cash, end of year		**24,459**	82,865

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

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 address of the Company's registered office is 731-2425 Matheson Boulevard East, Mississauga, Ontario, L4W 5K4.

These statements are separate financial statements and are used in preparation of the consolidated financial statements of the ultimate parent company, Cigniti Technologies Limited. The Company is a wholly owned subsidiary of the parent company.

These financial statements were approved for issuance by the Company's Board of Directors on April 22, 2019.

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 significant accounting policies

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

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 dates of the initial transactions.

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

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

3. Summary of significant accounting policies *(continued from previous page)*

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 years 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 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.

Newly adopted accounting standards:

IFRS 15 - Revenue from contracts with customers, effective from January 1, 2018

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") as issued by the International Accounting Standard Board ("IASB") on May 28, 2014 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract as well as requiring more informative and relevant disclosures. IFRS 15 applies to nearly all contracts with customers, unless covered by another standard, such as leases, financial instruments and insurance contracts. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue. The amendments also provide additional transition relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard.

The Company has adopted IFRS 15 Revenue from Contracts with Customers with an initial adoption date of April 1, 2018. The Company’s adoption of this standard did not have any impact on the Company’s net income and comprehensive income for the year.

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.

3. Summary of significant accounting policies *(continued from previous page)*

IFRS 9 - Financial Instruments, effective from January 1, 2018

The Company has adopted IFRS 9 with initial application as at April 1, 2018. The accounting policies were changed to comply with IFRS 9 and replace the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; and impairment of assets and hedge accounting. IFRS 9 also amends other standards dealing with financial instruments such as IFRS 7.

The only effect was that the classification of cash changed from fair value through profit or loss to amortized cost, which had no effect on the measurement of these 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 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.

Financial Liabilities

Financial liabilities are measured as either:

3. Summary of significant accounting policies *(continued from previous page)*

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

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 and due to related companies are measured at amortized cost using the effective interest method.

Future accounting policies

The following pronouncements from the IASB will become effective for future financial reporting periods:

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on December 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements. The Company has not early adopted IFRS 16. The Company is in the process of completing its in-depth assessment of IFRS 16 and determining the impact of adopting IFRS 16 on its financial statements.

4. 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:

(Presented in Canadian dollars)

4. Significant accounting judgements, estimates and assumptions *(continued from previous page)*

(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 makes an allowance for doubtful accounts when the expected recovery could be less than the actual trade receivable. The expected recovery amounts can 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.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes harmonized sales taxes payable of $142,789 (March 31, 2018 - $408,704).

6. Due to related companies

	March 31, 2019	March 31, 2018
	$	$
Cigniti Technologies Limited	**(888,336)**	(695,131)
Cigniti Technologies Inc., USA	**(241,954)**	(258,335)
	(1,130,290)	(953,466)

The amounts owed to Cigniti Technologies Limited, the Company's parent, are unsecured, non-interest bearing and have no fixed terms of repayment. The related party has agreed not to demand repayment in the twelve-month period ending March 31, 2020.

The amounts owed to Cigniti Technologies Inc., USA, a company under common control, are unsecured, non-interest bearing and have no fixed terms of repayment.

7. Share capital

Issued and authorized common shares:

	March 31, 2019	March 31, 2018
	$	$
Common shares		
100 Common shares	1	1

(Presented in Canadian dollars)

8. Related party transactions

During the year ended March 31, 2019, the Company had the following transactions with related parties:

	March 31, 2019	March 31, 2018
	$	$
Cigniti Technologies Inc., USA		
Consulting fees	**286,528**	338,756
Cigniti Technologies Limited		
Subcontractor fees	**1,067,217**	839,779

The Company's executive function is outsourced to Cigniti Technologies Limited. Expense related to this is included in subcontractor fees.

9. Income taxes

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

	March 31, 2019	March 31, 2018
	$	$
Income before income taxes	**363,870**	13,557
Statutory income tax rate	**26.50%**	26.50%
Expected recovery at statutory income tax rate	**96,426**	3,593
Reconciling items:		
Impact of difference between amortization for accounting purposes and CCA taken in the period	**(38)**	-
Non-deductible expenses	**2,477**	457
Non-capital losses applied	**(47,276)**	(4,050)
	51,589	-

As at March 31, 2019, the Company has non-capital losses of $nil (March 31, 2018 - $178,400) available to offset future taxable income.

10. 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 two customers represented 75% (March 31, 2018 - two customers represented 88%) of the Company's accounts receivable balance. Contracts with three customers

(Presented in Canadian dollars)

10. Financial Instrument *(continued from previous page)*

accounted for 82% of revenue for the year ended March 31, 2019 (March 31, 2018 - two customers accounted for 78% of revenue).

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

	March 31, 2019	March 31, 2018
	$	$
Accounts receivable not past due	**965,607**	566,311
Accounts receivable past due and not impaired		
1 to 30 days	**185,137**	600,267
31 to 60 days	**366,892**	74,681
61 to 90 days	**-**	-
Over 90 days	**224,806**	19,186
	1,742,442	1,260,445

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 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, 2019:

Maturity	**< 1 year**	**> 1 year**	**Total**
	$	**$**	**$**
Accounts payable and accrued liabilities	**422,922**	**-**	**422,922**
Due to related companies	**-**	**1,130,290**	**1,130,290**

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 to related companies balances as they are non-interest bearing. Other financial instruments are not exposed to significant interest rate risk.

(Presented in Canadian dollars)

11. Accounts receivable

	March 31, 2019	March 31, 2018
	$	$
Accounts receivable	**1,742,442**	1,260,445
Employee salary advances	**9,506**	-
Less: Allowance for doubtful accounts	**(91,922)**	-
	1,660,026	**1,260,445**

During the year ended March 31, 2019 the Company began following the accounting policy of its Parent Company whereby it recognizes a provision for accounts receivable which cross certain aging thresholds. The Company has never had any bad debt write-offs and therefore, expected credit losses are zero. Prior to April 1, 2018, the Company's provisioning was on a specific identification basis.

12. Capital Risk Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As of March 31, 2019, the Company's shareholders' equity (deficit) was $118,584 (2018 – ($193,698)). 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 years ended March 31, 2019.

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.

13. Commitments

The Company has entered into a lease agreement for its premises with estimated minimum annual payments as follows:

	$
2020	50,244
2021	61,898
2022	62,853
2023	37,444
Total	**212,439**

14. Corresponding figures

Certain corresponding balances have been reclassified from the financial statements previously presented to conform to the presentation of the March 31, 2019 financial statements.