

Cigniti Technologies Canada Inc.

For the year ended March 31, 2021

(Presented in Canadian dollars)

Independent Auditors' 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, 2021, 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 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, 2021, 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.

Emphasis of Matter - 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.

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 23, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Cigniti Technologies Canada Inc.

Statement of Financial Position

As at March 31, 2021

(Presented in Canadian dollars)

	Note	March 31, 2021	March 31, 2020
		\$	\$
ASSETS			
Current			
Cash		265,896	284,261
Accounts receivable	12,13	1,936,064	1,794,674
Prepaid expenses and deposits		74,600	57,002
		2,276,560	2,135,937
Equipment	5	34,362	56,938
Right-of-use asset	6	76,075	124,123
Total assets		2,386,997	2,316,998
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current			
Accounts payable and accrued liabilities	7, 12	727,538	932,037
Income taxes payable		172,674	27,705
Current portion of lease obligation	6	59,399	54,670
		959,611	1,014,412
Lease obligation	6	36,532	95,930
Due to related companies	8, 12	761,162	1,062,609
Total liabilities		1,757,305	2,172,951
Shareholder's equity			
Share capital	9	1	1
Equity		629,691	144,046
		629,692	144,047
Total liabilities and shareholder's equity		2,386,997	2,316,998

Significant Event (Note 15)

Approved on behalf of the Board

[signed]

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, 2021

(Presented in Canadian dollars)

	Note	March 31, 2021	March 31, 2020
		\$	\$
Revenue		10,586,015	8,689,683
Operating expenses			
Salaries and employee benefits		4,023,668	3,649,222
Consulting fees	10	3,514,665	2,833,081
Subcontractor fees	10	1,904,468	1,560,279
Insurance		222,517	237,352
Professional fees		121,901	113,626
Rent	6	71,953	64,723
Interest and bank charges		13,471	10,445
Telephone, fax and internet		12,524	15,188
Accretion	6	7,228	10,061
Travel		5,559	37,230
Office and general		3,830	67,915
Meals and entertainment		140	14,502
Bad debt		-	(91,922)
Foreign exchange (gain) loss		(28,704)	38,203
Depreciation	5,6	70,624	57,998
		9,943,844	8,617,903
Income before income taxes		642,171	71,780
Income tax expense	11	156,526	27,705
Net income and comprehensive income		485,645	44,075

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, 2021

(Presented in Canadian dollars)

	Note	Number of common shares	Share capital	Accumulated equity	Total
			\$	\$	\$
Balance at March 31, 2019		100	1	118,583	118,584
Net income and comprehensive income for the year		-	-	44,075	44,075
IFRS 16 adjustments		-	-	(18,612)	(18,612)
Balance at March 31, 2020		100	1	144,046	144,047
Net income and comprehensive income		-	-	485,645	485,645
Balance at March 31, 2021		100	1	629,691	629,692

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, 2021

(Presented in Canadian dollars)

	Note	March 31, 2021	March 31, 2020
		\$	\$
Cash flows used in operating activities:			
Net income and comprehensive income		485,645	44,075
Depreciation		70,624	57,998
Accretion		7,228	10,061
		563,497	112,134
Changes in non-cash operating working capital:			
Accounts receivable		(141,390)	(134,648)
Prepaid expenses and deposits		(17,598)	(78)
Accounts payable and accrued liabilities		(204,499)	509,115
Income taxes payable		144,969	(23,884)
Deferred revenue		-	(20,780)
		344,979	441,859
Cash flows from financing activities:			
Repayment of lease obligations	6	(61,897)	(50,244)
Repayments to related parties	8	(301,447)	(67,681)
		(363,344)	(117,925)
Cash flows from investing activities:			
Purchase of equipment		-	(64,132)
Change in cash		(18,365)	259,802
Cash, beginning of period		284,261	24,459
Cash, end of period		265,896	284,261
NON-CASH TRANSACTIONS (Note 5)			
Right-of-use asset obtained via finance lease		-	172,171
Right-of-use obligation obtained via finance lease		-	(190,783)

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, 2021
(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 address of the Company’s registered office is 302-2000 Argentia Road, Plaza 4, Mississauga, Ontario, L5N 1W1.

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 23, 2021.

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:

Revenue recognition

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.

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.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

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

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 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.

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.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

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

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. 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.

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.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

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:

(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.

5. Equipment

	Equipment
	\$
Cost	
Balance, March 31, 2020	67,738
Additions	-
Balance, March 31, 2021	67,738
Accumulated depreciation	
Balance, March 31, 2020	10,800
Depreciation	22,576
Balance, March 31, 2021	33,376
Net book value	
March 31, 2020	56,938
March 31, 2021	34,362

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

6. 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:

	Office premises
	\$
Cost	
Balance, March 31, 2020	172,171
Additions	-
Balance, March 31, 2021	172,171
Accumulated depreciation	
Balance, March 31, 2020	48,048
Depreciation	48,048
Balance, March 31, 2021	96,096
Net book value	
March 31, 2020	124,123
March 31, 2021	76,075

The right-of-use asset is being depreciated on a straight-line basis over the remaining lease term, due to expire on November 1, 2022. The expense relating to variable lease payments not included in the measurement of lease liabilities totaled \$71,953 in 2021 (2020 - \$64,723), presented as 'rent' in the statement of income and comprehensive income.

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

	\$
Balance, March 31, 2020	150,600
Accretion expense	7,228
Lease payments	(61,897)
Balance, March 31, 2021	95,931

A reconciliation of the current and non-current components of the lease liability at March 31, 2021 follows:

	\$
Current	59,399
Non-current	36,532
Balance, March 31, 2021	95,931

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

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

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

	\$
2022	62,853
2023	37,444
Less: future accretion	(4,366)
Total	95,931

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes harmonized sales taxes payable of \$97,428 (2020 - \$158,082).

8. Due to related companies

	March 31, 2021	March 31, 2020
	\$	\$
Cigniti Technologies Limited	(834,336)	(662,888)
Cigniti Technologies Inc., USA	73,174	(399,721)
	(761,162)	(1,062,609)

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, 2021.

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. The related party has agreed not to demand repayment in the twelve-month period ending March 31, 2021.

9. Share capital

Issued common shares:

	March 31, 2021	March 31, 2020
	\$	\$
Common shares		
100 Common shares	1	1

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

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

10. Related party transactions

During the year ended March 31, 2021, the Company had the following transactions with related parties:

	March 31, 2021	March 31, 2020
	\$	\$
Cigniti Technologies Inc., USA		
Consulting fees	192,997	264,648
Cigniti Technologies Limited		
Subcontractor fees	1,904,468	1,560,279

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

11. Income taxes

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

	March 31, 2021	March 31, 2020
	\$	\$
Income before income taxes	642,171	71,780
Statutory income tax rate	26.50%	26.50%
Expected recovery at statutory income tax rate	170,175	19,022
Reconciling items:		
Impact of difference between amortization for accounting purposes and CCA taken in the period	16,908	968
Other temporary differences	(30,654)	3,872
Non-deductible expenses	96	3,843
Non-capital losses applied	-	-
	156,525	27,705

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

12. 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 70% (2020 - two customers represented 66%) of the Company's accounts receivable balance as at March 31, 2021. Contracts with three customers accounted for 69% of revenue for the year ended March 31, 2021 (2020 - four customers accounted for 76% 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, 2021	March 31, 2020
	\$	\$
Accounts receivable not past due	1,504,070	1,488,329
Accounts receivable past due and not impaired		
1 to 30 days	193,137	169,761
31 to 60 days	195,577	136,209
61 to 90 days	34,820	-
Over 90 days	8,460	-
	1,936,064	1,794,299

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.

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

12. Financial instruments (continued from previous page)

The following are the contractual maturities of financial liabilities and other commitments as at March 31, 2021:

Maturity	< 1 year	> 1 year	Total
	\$	\$	\$
Accounts payable and accrued liabilities	727,539	-	727,539
Due to related companies	-	761,162	761,162

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 and lease obligation balances as they are non-interest bearing. Other financial instruments are not exposed to significant interest rate risk.

13. Accounts receivable

	March 31, 2021	March 31, 2020
	\$	\$
Accounts receivable	1,936,064	1,794,299
Less: Expected credit loss	-	-
	1,936,064	1,794,299

Given the Company has no history of bad debts, estimated expected credit losses as at March 31, 2021 were \$Nil (2020 - \$Nil).

Cigniti Technologies Canada Inc.

Notes to the Financial Statements
For the year ended March 31, 2021
(Presented in Canadian dollars)

14. Capital risk management

Capital is comprised of the Company's shareholder's equity and any debt it may issue. As of March 31, 2021, the Company's shareholders' equity was \$629,691 (2020 – \$144,047). 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, 2021.

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

15. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.