

ALLSECTECH, INC.
FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

ALLSECTECH INC

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March 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allsectech, Inc.
Princeton, NJ

We have audited the accompanying financial statements of Allsectech Inc (a Delaware Corporation),. which comprise the balance sheets as of March 31, 2022 and 2021 and the related statements of income, cash flows, and stockholder's equity for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements.


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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's 'preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allsectech, Inc. as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Ravi Venkataraman, CPA

April 25, 2022

Princeton, New Jersey

**ALLSECTECH, INC.
BALANCE SHEETS
AS OF MARCH 31**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 484,987	\$ 588,650
Accounts Receivable	1,344,815	787,196
Restricted Cash	6,274	6,274
Security Deposit	14,382	28,319
Prepaid expenses	84,421	46,526
Other Asset	75,123	18,409
Total Current Assets	2,010,002	1,475,374
PROPERTY AND EQUIPMENT		
Property and Equipment	1,536	-
Accumulated Depreciation	-	-
Net Property and Equipment	1,536	-
Total Assets	\$ 2,011,538	\$ 1,475,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,542	\$ 8,946
Accounts Payable - Affiliate	1,297,027	704,274
Accrued Expenses	205,575	204,695
Total Current Liabilities	1,517,144	917,915
STOCKHOLDERS' EQUITY		
Common Stock-no par value, 3,000 shares authorized and 100 shares issued and outstanding	2,310,000	2,310,000
Retained Earnings	(1,815,606)	(1,752,541)
Total Stockholders' Equity	494,394	557,459
Total Liabilities and Equity	\$ 2,011,538	\$ 1,475,374

See Independent Auditor's Report and notes to financial statements

ALLSECTECH, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31

	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 12,063,697	\$ 6,431,464
Cost of Revenues	(11,316,404)	(6,184,558)
Gross Profit	<u>747,293</u>	<u>246,906</u>
Operating Expenses (Schedule 1)	(801,510)	(892,193)
Income from operations	<u>(54,217)</u>	<u>(645,287)</u>
Interest Income and other income	2,350	52
Income before provision for income taxes	<u>(51,867)</u>	<u>(645,235)</u>
Provision for Income Taxes-State	(11,198)	(139,564)
Net Income/ (Loss)	<u><u>\$ (63,065)</u></u>	<u><u>\$ (784,799)</u></u>

See Independent Auditor's Report and notes to financial statements

ALLSECTECH, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31

	Common Stock	Retained Earnings	2022	2021
Balance at April 1, 2021	\$ 2,310,000	\$ (1,752,541)	\$ 557,459	\$ 1,342,257
Capital Contributions during the year				
Prior Period Adjustment		-	-	(180)
Balance at March 31, 2021	<u>2,310,000</u>	<u>(1,752,541)</u>	<u>557,459</u>	<u>1,342,077</u>
Capital Contributions during the year				
Earnings/(Loss)-FY2022		(63,065)	(63,065)	(784,799)
Prior year adjustment	-	-	-	-
Balance at March 31, 2022	<u>\$ 2,310,000</u>	<u>\$ (1,815,606)</u>	<u>\$ 494,394</u>	<u>\$ 557,278</u>

See Independent Auditor's Report and notes to financial statements

ALLSECTECH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ (63,065)	\$ (784,799)
Depreciation	-	4,263
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Restricted Cash	-	(1)
Accounts Receivable	(557,619)	(524,410)
Prepaid Expenses	(37,895)	23,107
Security Deposit-Rental	13,937	(19,721)
Other Asset	(56,714)	8,549
Accounts Payable	5,596	(18,749)
Accounts Payable-Affiliate	592,753	291,396
Accrued Expenses	880	105,871
Other Payable	-	(74,347)
Net Cash provided by Operating Activities	<u>(102,127)</u>	<u>(988,841)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Addition to Property and Equipment	(1,536)	-
Loan from parent	-	-
Net Cash used by Financing Activities	<u>(1,536)</u>	<u>-</u>
Net Cash increase for the Year	(103,663)	(988,841)
Cash And Cash Equivalents At Beginning Of Year	588,650	1,577,491
Cash And Cash Equivalents At End Of Year	<u><u>\$ 484,987</u></u>	<u><u>\$ 588,650</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the years		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ 14,564</u></u>	<u><u>\$ 139,564</u></u>

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Note 1 – Description of Company's Business

Allsectech, Inc. (Allsectech/Company) was incorporated on September 14, 2000 in the State of Delaware. Allsectech is the wholly owned subsidiary of Allsec Technologies Limited (Technologies/Parent Company) a publicly held corporation in India.

Conneqt Business Solutions Limited ('Conneqt'), a subsidiary of Qness Corp Limited, had entered into share purchase agreements dated April 17, 2019 with Mr. Jagadish R, Mr. Saravanan A and First Carlyle Ventures Mauritius to acquire 9,349,095 equity shares, representing 61.35% of the voting share capital of Allsec Technologies Limited. The effective date of acquisition of equity shares by Conneqt was June 3, 2019.

Consequent to this transaction, Allsec Technologies Limited has become the subsidiary of Conneqt with effect from June 3, 2019. with effective date of acquisition being considered as 1st June 2021 in terms of IND AS accounting standards and Allsectech Inc has become a step down subsidiary of Conneqt.

Allsectech provides marketing services to Technologies, one of the world's leading providers of response management solutions and personalized customer care. Allsectech utilizes Technologies and parent company's wholly owned Philippines subsidiary Allsectech Manila Inc (Allsec-Manila) having its facilities in Manila and Retreat Capital Management Inc, a California registered company having its facilities in Irving TX, USA to perform voice response services, and collection services of credit card and other receivables for its reputed customers. The Company has established a branch office in Manila, Philippines on November 8, 2012.

Note 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Allsectech is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Accordingly, all significant receivables, payables, and other liabilities are recorded.

The financial statements are prepared on accrual basis. These financial statements are presented for the year ended March 31, 2022.

Liquidity & Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

Revenue Recognition

Allsectech provides voice response services and collection of credit card and other receivables services to reputed companies. Unbilled services represent revenue on services performed but not billed until the subsequent period. Advances received prior to providing services will be treated as deferred revenues and recognized when services are performed. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognized as services are performed in accordance with the specific terms of the contract with the customer. Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Cash

Cash consists primarily of working funds. For purposes of the Statements of Cash Flows, cash is defined as unrestricted cash balances and investments with original maturities of three months or less. As of March 31, 2022 and 2021, there were \$6,274 and \$6,274 respectively in restricted cash balances. The restricted cash represents five escrow accounts opened in order to comply with collection licenses requirements from various States.

Property, Equipment and Depreciation

Property and equipment are reflected at cost. Depreciation is provided using straight-line method over its estimated useful life of three years for computer and five years for Network Equipments. Maintenance and repairs are expensed as incurred.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant and Equipment*, formerly FASB No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Company to conclude that impairment indicators exist and that long-lived assets may be impaired.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are equal or approximate their fair values due to the short term maturity of those instruments.

Cost of Revenues

Costs of service delivery consist of payroll cost incurred for the employee actively involved marketing services, the amount paid to Allsec Technologies & Allsectech Manila for support services rendered to the customers and other outside services utilized by the Company.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Income Taxes

The Company provide for income taxes on the basis of FASC 740, *Income Taxes* formerly Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" which requires recognition of deferred taxes based on the differences between the financial statement and the tax basis of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Note 3. Property and Equipment

The following is a summary of property and equipment at cost, less accumulated depreciation:

Description	2022	2021
Computers & Accessories	1,536	\$ 67,671
Furniture & Fixtures	-	9,521
Vehicles	-	3,617
Software Licenses	-	14,234
Network Equipments	-	259,759
Original Cost	1,536	3,54,802
Less: Accumulated Depreciation	<u>(0)</u>	<u>(354,802)</u>
Net Property & Equipment	<u>\$1,536</u>	<u>\$0</u>

The useful lives of property and equipment for the purpose of computing depreciation are three to seven years. Depreciation expense amounted to \$ 1536 and \$ 0 for the years ended March 31, 2022 and 2021 respectively.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Note 4. Income Taxes

For the year ended March 31, 2022 the company has created an adhoc provision of \$100,000 towards tax purpose.

Note 5. Going Concern

The Company has reported a loss of \$ 63,065 and \$ 784,799 for the years ended March 31, 2022 and 2021 respectively. In spite of the losses, management intends to continue operations in the U.S. The Company expects to execute existing orders to generate revenues. In addition, certain cost cutting measures have been taken including laying off few business development employees/consultants; renewal of office lease with lower office spaces after the existing lease period and other cost control measures

Note 6. Prepaid Expenses

Prepaid expenses as of March 31, 2022 consists of the following:

Prepaid Licenses and Permits	\$ 8,586
Prepaid Rent	13,911
Prepaid Insurance	206
Other Prepaid Expenses	<u>61,718</u>
Total Prepaid Expenses	<u>\$ 84,421</u>

Note 7. Commitments and Contingent Liabilities

The Company lease administrative office space under an operating lease. This lease provide for annual base rent, escalations and additional payments for real estate taxes and other occupancy costs.

For the years ended March 31, 2022 and 2021, rent expense amounted to \$ 158,950 and \$224,985 respectively.

Further, the lease was extended to the term of the lease through February 28, 2023 with the following terms.

Rent Payable from 03-01-21 through 02-28-22	\$ 6,300 per month
Rent Payable from 03-01-22 through 02-28-23	\$ 6,575 per month

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

Note 8. Concentrations

Allsectech maintains its cash balance in a bank located in New Jersey. This account is insured by the Federal Deposit Insurance Corporation up to balance of \$250,000. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of credit with respect to receivables is limited to Company's parent and companies with strong credit rating. The Company establishes an allowance for uncollectible trade accounts based on historical collection experience and management's evaluation of collectability of outstanding accounts receivable. Due to strong credit background of its customers and parent, the Company does not maintain an allowance for doubtful accounts.

Note 9. Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through April 25, 2022. The evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

Note 10. Impact of Covid -19 on business operations

Due to lock down in US and in other key markets of Allsectech, Inc. most of the clients are not operating at normal levels. While parent Allsec Technologies has a very strong balance sheet, Allsectech Inc. also has good cash reserves to be resilient enough to weather the COVID-19 impact. The management is taking proactive steps to rationalize and reduce costs wherever possible to reduce impact on margins and conserve cash.

Allsectech uses operationally generated cash flows to fund its business. It has sufficient liquid assets to tide over current and post-COVID-19 period. As of 31st March 2022, Allsectech has not utilized any credit facilities from banks or financial institutions. At this time, it is not envisaged that there will be change in this position.

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ALLSECTECH, INC.
SCHEDULE OF OPERATING EXPENSES
FOR YEARS ENDED MARCH 31

Operating expenses	2022	2021
Automobile Expense	\$ -	\$ -
Bank Service Charges	122	2,699
Business Promotion Exp	130,212	19,086
Connectivity Charges	3,824	5,412
Depreciation Expense	-	4,263
Security Charges	40,665	54,111
Insurance	46,378	19,900
Licenses and Permits	71,607	82,385
Office Supplies & Expense	(1,385)	1,060
Payroll Processing Fees	-	1,903
Office Pantry Expenses	-	(14)
Postage and Delivery	-	3,725
Office Equipment	-	91
Professional Fees	283,873	284,478
Rent	158,950	301,726
Seminars and Meetings		(3,000)
Utilities	9,128	13,073
Repairs	17,110	41,580
Telephone	2,573	31,200
Recruitment Fee	34,000	26,000
Travel & Ent	4,453	2,515
Total	\$ 801,510	\$ 892,193

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