

ALLSECTECH, INC.
FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023

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ALLSECTECH INC

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March 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Allsectech, Inc.(a Delaware Corporation), which comprise the balance sheets as of [March 31, 2024 and 2023 , and the related statements of income, cash flow, and statements of stockholders' equity for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allsectech, Inc as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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


Ravi Venkataraman
Princeton, New Jersey
April 28, 2024

ALLSECTECH, INC.
BALANCE SHEETS
AS OF MARCH 31

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,429,213	\$ 644,777
Accounts Receivable	3,300,254	1,536,392
Restricted Cash	6,276	6,276
Security Deposit		8,322
Prepaid expenses	237,359	58,249
ROU Asset		32,875
Other Asset	1,957	223,433
Total Current Assets	4,975,059	2,510,324
 PROPERTY AND EQUIPMENT		
Property and Equipment	1,258	-
Accumulated Depreciation	(35)	-
Net Property and Equipment	1,223	-
 Total Assets		
	\$ 4,976,282	\$ 2,510,324
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 175,889	\$ 86,286
Accounts Payable - Affiliate	2,834,939	928,724
Accrued Expenses	1,265,156	869,845
Short Term Lease Liability		32,875
Total Current Liabilities	4,275,984	1,917,730
 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	(1,609,702)	(1,717,406)
Total Stockholders' Equity	700,298	592,594
Total Liabilities and Equity	\$ 4,976,282	\$ 2,510,324

See Independent Auditor's Report and notes to financial statements

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

	2024	2023
Operating Revenues	\$ 22,432,139	\$ 16,212,272
Cost of Revenues	(21,114,260)	(14,775,789)
Gross Profit	1,317,879	1,436,483
Operating Expenses (Schedule 1)	(1,204,197)	(1,328,534)
Income from operations	113,682	107,949
Interest Income and other income	2	1
Income before provision for income taxes	113,684	107,950
Provision for Income Taxes-State	(5,980)	(9,750)
Net Income/ (Loss)	\$ 107,704	\$ 98,200

See Independent Auditor's Report and notes to financial statements

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

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>2024</u>	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>2023</u>
	\$	\$	\$	\$	\$	\$
Balance at April 1, 2023	2,310,000	(1,717,406)	592,594	2,310,000	(1,815,606)	494,394
Capital Contributions during the year						
Prior Period Adjustment		-	-		-	-
Balance at March 31, 2023	<u>2,310,000</u>	<u>(1,717,406)</u>	<u>592,594</u>	<u>2,310,000</u>	<u>(1,815,606)</u>	<u>494,394</u>
Capital Contributions during the year						
Earnings/(Loss)-FY2024		107,704	107,704		98,200	98,200
Prior year adjustment	-	-	-	-	-	-
Balance at March 31, 2024	<u>\$ 2,310,000</u>	<u>\$ (1,609,702)</u>	<u>\$ 700,298</u>	<u>\$ 2,310,000</u>	<u>\$ (1,717,406)</u>	<u>\$ 592,594</u>

See Independent Auditor's Report and notes to financial statements

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 107,704	\$ 98,200
Depreciation	35	2,343
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Restricted Cash	-	-
Accounts Receivable	(1,763,862)	(191,577)
Prepaid Expenses	(179,110)	26,172
Security Deposit-Rental	8,322	6,060
Other Asset	221,476	(148,312)
Accounts Payable	89,603	71,744
Accounts Payable-Affiliate	1,906,215	(368,303)
Accrued Expenses	395,311	664,270
Other Payable	-	-
Net Cash provided by Operating Activities	785,694	160,597
CASH FLOW FROM FINANCING ACTIVITIES		
Addition to Property and Equipment	(1,258)	(807)
Loan from parent	-	-
Net Cash used by Financing Activities	(1,258)	(807)
Net Cash increase for the Year	784,436	159,790
Cash And Cash Equivalents At Beginning Of Year	644,777	484,987
Cash And Cash Equivalents At End Of Year	\$ 1,429,213	\$ 644,777
Supplemental disclosure of cash flow information		
Cash paid during the years		
Interest	\$ -	\$ -
Income taxes	\$ 5,980	\$ 9,750

See Independent Auditor's Report and notes to financial statements

ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

It may be noted that the Conneqt Business Solutions Limited (“Conneqt”), a subsidiary of Quess Corp Limited, had entered into share purchase agreement dated April 17, 2029 with Mr. Jagadish R, Mr. Saravanan A and First Carlyle Ventures Mauritius to acquire 11,182,912 equity shares, representing 73.39% of the voting share capital of Allsec Technologies Limited and the effective date of acquisition of shares by Conneqt was June 3, 2019. Now, consequent to an order passed by Hon’ble National Company Law Tribunal (NCLT) approving the Scheme of Amalgamation involving Conneqt Business Solutions Limited, with the Quess Corp Limited and implementation of this Scheme of Amalgamation with effect from November 30, 2023, shareholding of 11,182,912 equity shares (73.39%) shall stand transmitted from “Conneqt” to “Quess Corp Limited” as a consequence of Amalgamation of entities. Accordingly, with effect from November 30, 2023, these 11,182,912 equity shares of the Company are held by Quess Corp Limited, which is our holding Company.

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 2022 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.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

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, 2024.

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.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

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, 2024 and 2023, there were \$6,276 and \$6,276 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.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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.

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	2024	2023
Computers & Accessories	\$ 1,258	\$ 2,343
Furniture & Fixtures	-	-
Vehicles	-	-
Software Licenses	-	-
Network Equipments	-	-
Original Cost	1,258	2,343
Less: Accumulated Depreciation	<u>(35)</u>	<u>(2,343)</u>
Net Property & Equipment	<u>\$1,223</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 \$ 35 and \$ 2,343 for the years ended March 31, 2024 and 2023 respectively.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

Note 4. Income Taxes

For the year ended March 31, 2024 the company has created an adhoc provision of \$0 towards tax purpose.

Note 5. Going Concern

The Company has reported a profit of \$ 1,07,704 and Profit of \$ 98,200 for the years ended March 31, 2024 and 2023 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, 2024 consists of the following:

Prepaid Licenses and Permits	\$ 11,868
Prepaid Rent	253
Prepaid Insurance	2,310
Other Travel Expenses	1,48,463
Other Prepaid Expenses	<u>74,465</u>
Total Prepaid Expenses	<u>\$ 2,37,359</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, 2024 and 2023, rent expense amounted to \$ 67,716 and \$175,746 respectively.

The Company recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Company recognizes a lease liability and a right of use (ROU) asset at the commence date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments.

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ALLSECTECH, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

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 28, 2024. 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 2024, 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	2024	2023
Automobile Expense		\$ -
Bank Service Charges	626	4,965
Business Promotion Exp		121,158
Connectivity Charges	3,100	6,116
Depreciation Expense		2,343
Provision for Bad Debts	221,348	-
Security Charges	24,136	44,358
Insurance	27,134	41,492
Licenses and Permits	36,944	46,094
Office Supplies & Expense	1,378	3,924
Payroll Processing Fees		697
Professional Fees	606,211	708,429
Rent	67,716	175,746
Utilities	1,500	7,879
Repairs & Maintenance	55,583	72,130
Telephone	2,687	1,845
Recruitment Fee	14,789	58,000
Travel & Ent	141,045	33,358
Total	\$ 1,204,197	\$ 1,328,534

See Independent Auditor's Report and notes to financial statements