

DATAMATICS GLOBAL SERVICES INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

DATE: April 24, 2023

DATAMATICS GLOBAL SERVICES INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS
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The Board of Directors
Datamatics Global Services, Inc.
31572 Industrial Road, Suite 200
Livonia, Michigan 48150-1838

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Datamatics Global Services, Inc., which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Datamatics Global Services, Inc. as of March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Since our engagement is limited to expressing an audit opinion on Datamatics Global Services Inc.'s financial position on a stand-alone basis for the years ending March 31, 2023 and 2022, the effects of the results of operations, cash-flow and Balance Sheet of the non-consolidating subsidiary companies are not considered in this audit report

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Datamatics Global Services, Inc. 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.

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 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 Datamatics Global Services, Inc.'s ability to continue as a going concern for 2023 and onwards

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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that express an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

In performing an audit in accordance with GAAS, 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.


- 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 Datamatics Global Services, 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.

Auditor's Conclusion

Based on our audit of Datamatics Global Services, Inc.'s financial statements, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Very truly yours,



Ramesh Sarva, CPA

Mahesh J. Agashiwala CPA, P.C.

April 24, 2023

Date

DATAMATICS GLOBAL SERVICES INC.
BALANCE SHEET
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

ASSETS

	March 31, 2023	March 31, 2022
CURRENT ASSETS		
Cash and Bank Balance	3,499,053	2,687,848
Accounts Receivable, Net - Trade (Note 3,4 & 5)	6,504,293	8,360,635
Prepaid Expenses	680,453	310,586
Loans & Advance -Others	7,778,701	3,969,594
Total Current Assets	\$ 18,462,500	15,328,663
PROPERTY, EQUIPMENT & IMPROVEMENTS		
Net of accumulated depreciation of \$4,691,568 and \$4,464,719 respectively (Note 6)	\$ 452,769	143,194
OTHER ASSETS		
Security Deposit	78,016	185,036
Investment	1,083,454	1,088,527
Total Other Assets	\$ 1,161,470	1,273,562
INTANGIBLE ASSETS		
Intangible Assets- Net of Accumulated Amortization of \$935,859 and \$911,745 respectively (NOTE 7 & 8)	\$ 830,105	257,563
TOTAL ASSETS	\$ 20,906,845	17,002,982

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MAHESH J. AGASHIWALA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

DATAMATICS GLOBAL SERVICES INC.
BALANCE SHEET-CONTINUED
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2023	March 31, 2022
CURRENT LIABILITIES		
Account Payable- Trade (Note 4 & 5)	5,584,753	4,348,473
Customer Deposits	175,724	175,724
Accrued Expenses and Other Current Liabilities	3,804,234	4,158,709
Total Current Liabilities	\$ 9,564,711	8,682,906
EQUITY		
Equity Capital-Common (Note 9)	15,887,571	15,887,571
Additional Paid in Capital	12,358,231	12,358,231
Retained Earnings	(16,903,668)	(19,925,726)
Total Stockholders' Equity	\$ 11,342,134	8,320,076
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 20,906,845	17,002,982

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DATAMATICS GLOBAL SERVICES INC.
INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

		March 31, 2023	March 31, 2022
	Schedule		
Net Sales		\$ 29,493,240	28,220,174
Cost of Sales	A	21,327,837	21,394,378
Gross Profit		\$ 8,165,403	6,825,797
Operating Expenses			
Selling, general and administrative expenses	B	5,335,488	5,318,099
Operating Income		\$ 2,829,915	1,507,698
Interest Income/(Expense)		(34,361)	(77,770)
Other Income/(Expenses)		167,970	(26,198)
Profit Before Tax		\$ 2,963,524	1,403,730
Corporate Tax (Note 2)		-	36,000
Profit After Tax		\$ 2,963,524	1,367,730
Adjustment of prior period taxes		(58,534)	-
Balance carried forward to retained Earnings		3,022,058	1,367,730

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DATAMATICS GLOBAL SERVICES INC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

	March 31, 2023	March 31, 2022
<u>Cash Flows from Operating Activities:</u>		
Net income (loss) / Income	3,022,058	1,367,730
Adjustments to reconcile net Profit to Net cash Provided / (used in) by operating Activities:		
Lease accounting adjustment impact	(107,072)	(143,515)
Depreciation	364,734	321,253
Decrease / (Increase) in Accounts Receivable	1,856,342	(1,841,485)
(Increase) / Decrease in Other Current Assets	(369,867)	375,387
Increase in Other Assets	107,020	-
Decrease in Current Liabilities	394,577	1,114,866
Net cash provided by Operating Activities	5,267,792	1,194,236
<u>Cash Flows from Investing Activities:</u>		
(Addition)/Deletion to Property & Equipment	(674,310)	(179,628)
(Addition)/Deletion to Intangible Assets	21,758	15,969
Loans & Advances	(3,809,108)	(136,986)
Net cash provided by Investing activities	(4,456,587)	(300,646)
<u>Cash Flow from Financing Activities:</u>		
Working capital facility - Citibank	-	(1,342,648)
	-	(1,342,648)
Net increase (decrease) in cash	811,205	(449,058)
Cash at beginning of period	2,687,848	3,136,906
Cash at end of period	3,499,053	2,687,848

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DATAMATICS GLOBAL SERVICES INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

	March 31, 2023	March 31, 2022
Retained Earnings		
Beginning Balance	(19,925,726)	(21,293,456)
Merger of TJUS	-	-
Net Profit for the period	3,022,058	1,367,730
Ending Balance	<u>(16,903,668)</u>	<u>(19,925,726)</u>

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DATAMATICS GLOBAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

1. ORGANIZATION

Datamatics Global Services Inc. is incorporated in the State of Delaware in 1999 and is a wholly owned subsidiary Datamatics Global Services Limited (DGSL) which is incorporated in India.

The company provides many services including end to end services in back office processing such as Accounts Payable Management, Tax Return Processing, Market Research Forms processing, Health Care Claims Processing, IT Contract Programming, Contract Staffing Services and Robotic Automated programming Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The company maintains its books of accounts on the accrual basis on accounting.

Inventory

The company is not engaged in the sale of any products so there is no inventory maintained.

Contract Labor

Contract Labor includes the cost of outside resources sometimes utilized to supplement the full time staff of employees.

Cash

Cash includes cash on hand and in bank deposits. The company maintains its cash in bank deposit accounts that, at times, may be in excess of amounts insured by the Federal Deposit Insurance Corporation. The company has not experienced any losses in such accounts.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments. The company believes that the carrying value of Notes payable and Capital Leases payable approximate fair value as the interest rates on those instruments are similar to rates currently available to the company.

Property, Equipment and Depreciation

Property and Equipment are valued at cost. Depreciation is provided on Straight Line Method over the estimated useful life of the assets. When the assets are disposed of, the cost and the accumulated depreciation are eliminated from the books of accounts and the gain or loss is recognized.

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DATAMATICS GLOBAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Intangible assets

Intangible assets consist of business acquisition costs, software and capitalized leases. Management believes that the Intangible assets have significant value and will provide future benefits to the company and are stated at their true values.

In accordance with GAAP, long lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. The company evaluates at each balance sheet date whether events and circumstances have occurred that indicates possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

Provision for Doubtful Debts

The company creates a reserve for bad debts for its Receivables, which it considers as doubtful. For the year ending March 31, 2023, the reserve for bad debts balance remains at \$120,937.

Use of Estimates

The preparation of financial statements as per Generally Accepted Accounting Principles requires management to make estimates and assumptions which affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. Actual results could differ when such estimates are used.

Internal Controls

Management believes that adequate Internal Controls are in place.

Income Taxes

The company has reported Net Income for the current fiscal year. The company has accumulated Net Operating Losses from prior years that will reduce the Company Federal tax liability on its profits. A provision for tax has been recorded based on an alternative minimum tax estimate. There are remaining Net Operating Losses available for future years but management has decided not to set up a Deferred Tax Asset account. Provisions have been recorded for State income taxes that will be payable.

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DATAMATICS GLOBAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

3. ACCOUNTS RECEIVABLE

Accounts Receivable includes \$ 68,289 which is past Due for over 180 days, representing 1% of the total Accounts Receivable. The management represents that it expects to realize the amount in full over a period of time.

The Company adopted Expected Credit Loss Methodology at the end of the prior fiscal year-end March 31, 2023, to comply with the International Financial Reporting Standard 9, a deviation from Generally Accepted Accounting Principles, to evaluate the impairment of its accounts Receivable for all prior years by creating \$120,937 of a reserve that reduced the Accounts Receivable reported for the previous fiscal year-end March 31, 2023. A prior period adjustment was reflected as a separate line entry to the prior fiscal year Retained Earnings at that time.

4. CUSTOMER CONTRACT PURCHASE AGREEMENT

The Company entered into a contract with Tricom dated September 16, 2013 under which the Company agreed to purchase certain customer contracts for healthcare claims processing business in the USA for a total consideration of \$2,494,000. However, some of those customer contracts were not turned over to the Company and hence the total consideration was reduced to \$2,126,761. The Company recorded an Intangible Asset of \$2,126,761 and is amortizing over a period of 36 months from the date of purchase.

5. RELATED PARTY TRANSACTIONS

Accounts Payable includes \$ 5,406,789 due to our parent company Datamatics Global Services Limited against services received worth \$ 8,170,997. Accounts Receivable includes \$ 1,816,153 due from DGSL, the parent company, against services rendered worth \$700,110 and \$1,153,751 expenses incurred for parent company.

Accounts payable includes Nil due to Lumina Datamatics Inc., a related company under the common ownership against services received worth of \$ 63,428 as of March 31, 2023. Accounts Receivable includes Nil and the Company invoiced \$ 62,583 for expenses of Lumina Datamatics Inc. as of March 31, 2023.

Accounts Payable also includes \$171,198 due to Datamatics Robotics Software Limited, a step-down subsidiary, against services received worth \$351,291.

Other Receivable includes \$91,114 due from Datamatics Global Services Corp, a step-down subsidiary, against received customer collection on behalf of us.

Other Receivable includes \$2,642,212 due from Datamatics Robotics Software Inc, a subsidiary, against reimbursement of expenses.

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DATAMATICS GLOBAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

5. RELATED PARTY TRANSACTIONS- CONTINUED

Investment in Subsidiary includes the following balances

Datamatics Global Services Corp	863,208
Datamatics Robotics Software Inc	186,000
Datamatics Global Services B.V.	28,315

Loan provided to related entity Datamatics Global Services Corp of \$1,210,000 remains outstanding as of March 31, 2023. Interest income of \$73,083 was incurred as of March 31, 2023.

6. PROPERTY, EQUIPMENT & IMPROVEMENTS

As of March 31, 2023 Property, Equipment and Improvements consisted of the following:

	Automobiles	Machinery & Equipment	Furniture & Fixtures	Leasehold Improvements	Total
<u>Cost</u>					
Beginning balance					
March 31, 2022	\$ 11,201	\$ 3,962,946	\$ 422,426	\$ 211,339	\$ 4,607,912
Additions	-	525,087	7,353	3,985	536,425
Dispositions	-	-	-	-	-
Ending Balance					
March 31, 2023	<u>\$ 11,201</u>	<u>\$ 4,488,033</u>	<u>\$ 429,779</u>	<u>\$ 215,324</u>	<u>\$ 5,144,337</u>
<u>Accumulated Depreciation</u>					
Beginning balance					
March 31, 2022	\$ 11,168	\$ 3,939,900	\$ 356,855	\$ 156,795	\$ 4,464,719
Additions	\$ 32	185,758	24,404	16,654	226,848
Dispositions	\$ -	-	-	-	-
Ending Balance					
March 31, 2023	<u>\$ 11,200</u>	<u>\$ 4,125,658</u>	<u>\$ 381,259</u>	<u>\$173,449</u>	<u>\$ 4,691,567</u>

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DATAMATICS GLOBAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

7. INTANGIBLE ASSETS

Intangible assets, at cost, consist of business acquisition costs, software and capital leases.

Business acquisition costs- Tricom parties consist of the costs including legal costs incurred to purchase customer contracts:

Business acquisition – Tricom parties	\$ 2,126,761
Less: Accumulated Amortization	<u>2,126,761</u>
Business acquisition costs – net	<u><u>\$ 0</u></u>

Business acquisition costs are fully written off for both fiscal years presented but Software acquisition costs continue to be amortized on a GAAP basis.

Other Intangible costs consist of:

Capitalized Software	\$ 993,151
Capitalized Leases	\$ 122,886
Less: Accumulated amortization	\$ (935,859)
Other Intangible Assets – Net	\$ 180,178

8. LEASE COMMITMENTS

The Company has entered into lease agreements for office space and various items of equipment. The rental agreement for office space includes escalation clauses that allow an increase in future operating costs.

The Company had recognised a lease liability measured at the present value of the remaining lease payments at \$ 708,071 and during the year, amortised \$231,547 which results to balance of lease liability as of \$665,329 as on 31st March 2023. The right-of-use asset same discounted using incremental borrowing rate and Balance as on 31st March 2023 is \$ 649,927. The impact of accounting treatment as per standard has resulted in a) amortisation charge for right-to-use asset of \$ 131,771 and b) interest accrued on lease liability \$ 10,704.

9. EQUITY

The Company has Authorized Common Stock at 1150 shares @ No Par Value.

As of March 31, 2023 Common Stock Issued and Outstanding was 1000 shares @ No Par Value.

Additional paid in capital increased by \$4000 as result of merger of Techjini Inc. during the previous fiscal year.

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SUPPLEMENTARY INFORMATION

DATAMATICS GLOBAL SERVICES INC.
SUPPLEMENTAL INFORMATION
SCHEDULE A- COST OF SALES
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

	<u>April 1, 2022 to March 31, 2023</u>	<u>April 1, 2021 to March 31, 2022</u>
Salaries	8,564,495	10,060,928
Employee Benefit Expenses	211,011	431,255
Contract Labour	8,522,288	7,306,270
IT Infrastructure & Development Cost	89,089	254,298
Rent	20,915	14,227
Bank Charges	1,165	1,309
Utilities	60	2,821
Real & Property Taxes	477	6,775
Depreciation	116,546	143,560
Repairs & Maintenance	93,635	129,827
Supplies	15,173	13,096
Software Expenses	6,363	46,909
Telephone	-	1,268
Entertainment expenses	2,477	5,731
Recruitment Expenses	81,488	75,962
Postage & Courier	1,117,863	1,096,674
Travel & Conveyance	54,684	155,212
Professional Fees	2,310,646	1,579,872
Insurance	338	-
Other Expenses	119,126	68,383
TOTAL	<u>21,327,837</u>	<u>21,394,378</u>

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DATAMATICS GLOBAL SERVICES INC.
SUPPLEMENTAL INFORMATION
SCHEDULE B- SELLING, GENERAL & ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023 AND 2022

	<u>April 1, 2022 to</u> <u>March 31, 2023</u>	<u>April 1, 2021 to</u> <u>March 31, 2022</u>
Salaries	2,038,124	3,007,154
Employee Benefit Expenses	182,853	187,547
Advertisement and sales Promotion	972,538	343,503
Bank Charges	11,293	12,010
Depreciation	248,188	177,693
Telephone & Link Expenses	261,779	260,635
Entertainment expenses	166,796	39,878
Recruitment Expenses	18,637	55,980
Insurance	75,222	80,713
Professional Fees	162,225	213,121
Miscellaneous Expenses	75,068	14,552
Software Expenses	317,065	283,599
Postage & Courier	13,956	51,099
Printing, stationery and Office supplies	14,731	18,341
Rent	170,337	155,439
Real & Property Taxes.	75,195	45,332
Utilities	79,066	72,978
Repairs & Maintenance	265,871	207,749
Travel & Conveyance	186,544	90,773
TOTAL	<u>5,335,488</u>	<u>5,318,099</u>

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