

BSR & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To Board of Directors

Latent View Analytics Limited (formerly known as Latent View Analytics Private Limited)
(Stockholders of LatentView Analytics Corporation)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LatentView Analytics Corporation ("the Company"), which comprise the balance sheet as at March 31, 2023, and the related statement of income, statement of changes in stockholder's equity, statement of cash flows for the year then ended, and the related notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) generally accepted in India. Our responsibilities under those SAs 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 Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2(a) to the financial statements, which describes the basis of preparation. The financial statements are prepared to meet the reporting requirements of the holding company and accordingly may not be suitable for any other purpose. Our report is intended solely for the Company and Latent View Analytics Limited ("the holding company") to meet with the aforesaid requirements and should not be used by or distributed to parties other than as aforesaid. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with US GAAP, 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.

Management is responsible for overseeing the Company's financial reporting process.

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Independent Auditors' Report to the Board of Directors Latent View Analytics Limited (formerly known as Latent View Analytics Private Limited)

Page 2 of 3

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 SAs 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 SAs, we exercise professional judgment 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. We conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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

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Independent Auditors' Report to the Board of Directors Latent View Analytics Limited (formerly known as Latent View Analytics Private Limited)

Page 3 of 3

We communicate with Management 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.

We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Satish Vaidyanathan

Partner

Membership No: 217042

ICAI UDIN: 23217042BGRWGZ3816

Place: Chennai

Date: May 9, 2023

LATENTVIEW ANALYTICS CORPORATION

Balance Sheets as at

March 31, 2023 and March 31, 2022

(in United States Dollar, except share data)

<u>Assets</u>	Note	As at March 31, 2023	As at March 31, 2022
Current assets:			
Cash and cash equivalents	4	4,202,915	16,944,910
Investments Securities	5	13,199,926	-
Accounts receivable, net of allowances for doubtful accounts	6	11,048,583	10,423,948
Current tax assets		457,271	550,638
Contract assets	13	617,875	212,180
Other current assets	7	11,598,951	495,425
Total current assets		41,125,521	28,627,101
Property, plant, and equipment, net	8	219,338	155,696
Operating lease right-of-use assets	3	67,468	-
Deferred income taxes	16	-	132,858
Other assets	7	13,617	11,991
Total assets		41,425,944	28,927,646
<u>Liabilities and Stockholders' equity</u>			
Current liabilities:			
Accounts payable	11	68,229	59,493
Operating lease liabilities	3	77,976	-
Contract liabilities	13	1,639,686	923,584
Accrued expenses and other current liabilities	9a	659,786	2,514,566
Dues to affiliated companies	18	6,063,863	4,650,632
Loan from related party	18	6,900,000	-
Total current liabilities		15,409,540	8,148,275
Non-current liabilities:			
Other liabilities	9b	280,664	357,436
Total liabilities		15,690,204	8,505,711
Stockholders' equity			
Common Stock, \$0.01 par value			
2,000 stock authorised			
2,000 stock issued and outstanding	10	20	20
Retained earnings		25,735,720	20,421,915
Total stockholders' equity		25,735,740	20,421,935
Total liabilities and stockholders' equity		41,425,944	28,927,646

The notes referred to above form an integral part of the financial statements

These financial statements have been approved by the Board of Directors on 9 May 2023 and signed on behalf by



A V Venkatraman
Director




Rajan Sethuraman
Director

LATENTVIEW ANALYTICS CORPORATION
Statement of income for the year ended
March 31, 2023 and March 31, 2022
(in United States Dollar)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue (refer note 2(e) and note 12)	13	63,268,893	51,912,886
Other income	14	352,079	3,023,747
Total revenue		63,620,972	54,936,633
Employees benefit expenses	14	23,941,558	18,420,334
Depreciation		166,393	67,873
Service expenses		30,323,315	25,407,360
Other expenses		3,495,533	3,350,541
Interest expense, Net		239,955	22,196
Total expenses		58,166,754	47,268,304
Profit before income tax		5,454,218	7,668,329
Income tax expense	16	7,555	543,251
Deferred tax		132,858	-
Profit after income tax		5,313,805	7,125,078

The notes referred to above form an integral part of the financial statements
These financial statements have been approved by the Board of Directors on 9 May 2023
and signed on behalf by


A V Venkatraman
Director


Rajan Sethuraman
Director

LATENTVIEW ANALYTICS CORPORATION
Statement of changes in stock holder's equity
March 31, 2023 and March 31, 2022
(in United States Dollar, except where otherwise stated)

	No of shares	Common stock amount	Retained earnings amount	Total stock holder's equity amount
Balance as of April 1, 2021	2,000	20	13,296,837	13,296,857
Net income	-	-	7,125,078	7,125,078
Balance as of March 31, 2022	2,000	20	20,421,915	20,421,935
Balance as of April 01, 2022	2,000	20	20,421,915	20,421,935
Net income	-	-	5,313,805	5,313,805
Balance as of March 31, 2023	2,000	20	25,735,720	25,735,740

The notes referred to above form an integral part of the financial statements
These financial statements have been approved by the Board of Directors on 9 May 2023
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A V Venkatraman
Director



Rajan Sethuraman
Director

LATENTVIEW ANALYTICS CORPORATION

Statement of cash flows

March 31, 2023 and March 31, 2022

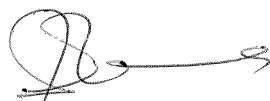
(in United States Dollar)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities:		
Net income for the year	5,313,805	7,125,078
<i>Adjustments to reconcile net income to net cash provided by/(used in) operating activities:</i>		
Depreciation and amortization	91,202	67,873
Deferred income tax charge / (benefit)	132,858	28,172
Interest income	(352,079)	-
Forgiveness of Paycheck Protection Programme Loan	-	(3,021,852)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(624,635)	(2,795,330)
(Increase) / decrease in contract assets	(405,695)	348,989
Increase in other assets	(360,988)	(197,736)
(Increase) / decrease in operating lease right-of-use assets	(67,468)	-
(Decrease) / increase in accounts payable	8,736	(34,360)
(Decrease) / increase in contract liabilities	716,102	(179,454)
(Decrease) / increase in operating lease liabilities	77,976	-
(Increase) / decrease in income taxes payable	93,367	(421,389)
Increase / (decrease) in other liabilities	(1,931,552)	1,452,558
Increase in dues to affiliated companies	1,413,232	276,877
Net cash generated from operating activities	4,104,861	2,649,426
Cash flows from investing activities:		
Purchase of property and equipment	(154,844)	(103,740)
Purchase of investments	(13,199,926)	-
Investment in bank deposits and deposits with financial institutions	(10,500,000)	-
Interest received	107,914	-
Net cash used in investing activities	(23,746,856)	(103,740)
Cash flows from financing activities:		
Proceeds from short term borrowings	-	4,950,000
Repayment of short term borrowings	-	(4,950,000)
Proceeds from Working capital loan	6,900,000	-
Net cash generated from financing activities	6,900,000	-
Net change in cash and cash equivalents during the year	(12,741,995)	2,545,686
Cash and cash equivalents at the beginning of the year	16,944,910	14,399,224
Cash and cash equivalents at the end of the year	4,202,915	16,944,910
Supplement disclosures of cash flow information:		
Cash paid during the year for income taxes, net of refunds	85,812	936,468
Cash paid during the year for interest	-	22,196

The notes referred to above form an integral part of the financial statements

These financial statements have been approved by the Board of Directors on 9 May 2023

and signed on behalf by



A V Venkatraman
Director



Rajan Sethuraman
Director

LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar, except where otherwise stated)

1. Overview

Description of business

LatentView Analytics Corporation ("the Company") was incorporated on October 17, 2007 and is headquartered in Princeton, New Jersey. The Company is established with primary objective of helping clients develop and deploy result-oriented analytics solutions that enable them to make smarter decisions using their data, on an on-going basis. The solutions enable clients improve marketing performance; efficiently trade-off risks against available opportunities, maximize customer value, and increase employee effectiveness.

The Company is a wholly owned subsidiary of Latent View Analytics Limited (formerly known as Latent View Analytics Private Limited) ("holding company"), which operates the global delivery center from India. The delivery center in India supports the Company's analytics and technology activities, developing models and applications for use by clients.

2. Significant accounting policies

(a) *Basis of preparation of financial statements*

The accompanying financial statements of the Company have been prepared in conformity with U.S. Generally Accepted Accounting Principles ('U.S. GAAP'). These financial statements have been prepared to comply with the holding company's consolidation requirements.

(b) *Use of estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for doubtful accounts, deferred tax assets and share based compensation; and reserves for employee benefit obligations, income tax uncertainties and other contingencies.

(c) *Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash & Cash Equivalents for the company include only cash held in hand and bank accounts.

(d) *Investments Securities*

Investment securities at March 31, 2023 consist of U.S. Treasury, commercial deposits, and Treasury funds. The Company classifies its debt securities in one of three categories: trading, available-for-sale (AFS), or held-to-maturity (HTM). Trading securities are bought and held principally for the purpose of selling them in the near term. HTM debt securities are those debt securities in which the Company has the ability and intent to hold the security until maturity.

Equity securities with readily determinable fair values are measured at fair value and changes in fair value are reported in change in fair market value of equity securities in the consolidated statement of income. In addition, the Company records equity securities without readily determinable fair values at cost, less impairment, plus or minus subsequent adjustments for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Equity securities without readily determinable fair values are written down to their fair value if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying amount.

HTM debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Trading and AFS debt securities are recorded at fair value. Unrealized holding gains and losses on trading debt securities are included in earnings. Premiums and discounts on debt securities are amortized or accreted over the life of the related HTM or AFS security as an adjustment to yield using the effective-interest method. Such amortization and accretion are included in interest income in the consolidated statements of income. Dividend and Interest income are recognised as and when earned.

(e) *Trade accounts receivable*

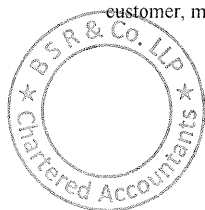
Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off balance sheet credit exposure related to its customers.

(f) *Revenue recognition*

The Company is primarily engaged in the business of rendering analytical services.

The Company only has revenue from customers. The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and control of its products is transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or by transferring control over a product to a customer, meaning the customer has the ability to use and obtain the benefit of the product.

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LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar, except where otherwise stated)

2. Significant accounting policies (contd.)

(f) Revenue recognition (contd.)

Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from sales.

A performance obligation is satisfied over time if one of the following criteria are met:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

If control transfers over time, an entity selects a method to measure progress that is consistent with the objective of depicting its performance.

Nature of goods and services

The Company generally recognizes revenue for analytical services over time as the Company's performance creates or enhances an asset that the customer controls from fixed price contracts and the customers simultaneously receives and consumes the benefits as and when the milestones are completed as per the terms of the contract. Revenue on time-and-material contracts are recognised as the related services are performed.

The Company has adopted the 'as-invoiced' practical expedient for performance obligation satisfied over time with respect to certain fixed price contracts. It permits an entity to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the entity's performance completed to date.

Contract assets and liabilities

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. The Company does not have impairment losses associated with contracts with customers for the year ended March 31, 2023.

Contract assets and contract liabilities are reported in a net position on an individual contract basis at the end of each reporting period. Contract assets are classified as current on the balance sheet when the Company expects to complete the related performance obligations and invoice the customers within one year of the balance sheet date, and as long-term when the Company expects to complete the related performance obligations and invoice the customers more than one year out from the balance sheet date. Contract liabilities are classified as current on the balance sheet when the revenue recognition associated with the related customer payments and invoicing is expected to occur within one year of the balance sheet date and as long-term when the revenue recognition associated with the related customer payments and invoicing is expected to occur in more than one year from the balance sheet date.

Contract acquisition/fulfilment costs are generally expensed as incurred except which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered. Applying the practical expedient, the entity recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the entity otherwise would have recognised is one year or less.

The Company records reimbursable out of pocket expenses in both revenue and respective expense head. The goods or services giving rise to the out-of-pocket costs do not transfer a good or service to the customer. Rather, the goods or services are used or consumed by the entity in fulfilling its performance obligation to the customer. Therefore, typical out-of-pocket costs (e.g. travel, meals, lodging) and the reimbursements of such costs from the customer are presented on a gross basis and are included as part of transaction price.

Significant financing component

The term between invoicing and when payment is due is not significant. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is one year or less.

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LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar, except where otherwise stated)

2. Significant accounting policies (contd.)

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The Company depreciates all property and equipment over the estimated useful lives of the assets on straight line method. The estimated useful lives of the assets are as follows:

Category	Years
Computer equipment	3 - 5 years
Furniture and fixtures	7 years

(h) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using 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 on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is not more likely than not. Changes in valuation allowance from period to period are reflected in the statement of income in the period of change.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(i) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(j) Fair value of financial instruments

The carrying amounts reflected in the balance sheet for cash, cash equivalents, accounts receivable, accounts payable, short term borrowings, long term borrowings and other accrued liabilities approximate their respective fair values due to the short maturities of these instruments.

(k) Employee benefits

Long-term employment benefits

The Company has a policy under which un-availed leave of their employees is allowed to be accumulated within certain limits and allowed to be availed during the employment period or en-cashed at the time of the employees' separation on the basis of their last drawn salary. Liabilities with regard to the Compensated absences are determined at each balance sheet date as per the projected unit credit method as determined by an actuary based on the leave days accrued. These costs are charged to the statement of income in the period in which the services are provided by the employee.

Retirement benefits

The Group does not have any pension or post retirement plans for any of its employees other than 401(K) Plan.

The Group sponsors a 401(K) plan that covers substantially all employees beginning with their first day of employment. Only elective deferrals are offered through this plan. The Group makes no matching contributions.

(l) Stock based compensation

The Company recognizes all stock-based compensation as a cost in the financial statements. Equity-classified awards are measured at the grant date fair value of the award. The Company has recorded compensation expense based on estimated grant date fair value using the Black-Scholes option-pricing model and estimates the number of forfeitures expected to occur.

Stock based compensation benefits have been issued by the holding company and are charged back to the Company.



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar, except where otherwise stated)

2. Significant accounting policies (contd.)

(m) Recently Adopted Accounting Standards

Topic 842 - Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 establishes a ROU model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The standard is applicable with effect from April 1, 2022, with early adoption permitted. The Company adopted ASU 2016-02 on April 1, 2022 using a modified retrospective transition approach. The adoption of ASU 2016-02 had a material effect on the Company's consolidated balance sheet, but did not materially affect the consolidated statement of income. The most significant changes to the consolidated balance sheet relate to the recognition of new ROU assets and lease liabilities for operating leases. The adoption of ASU 2016-02 also had no material effect on operating, investing, or financing cash flows in the consolidated statement of cash flows. The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. Additionally, the Company's lease-related disclosures have increased as of and for the year ended March 31, 2023 as compared to prior years. Refer to Note 3 to the financial statements.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made during the period.

Key estimates and judgments include how the Company determines

(1) the discount rate it uses to discount the unpaid lease payments to present value,

(2) lease term and

(3) lease payments

Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease.

The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow on a collateralized basis, it uses the interest rate it pays on its noncollateralized borrowings as an input to deriving an appropriate incremental borrowing rate, adjusted for the amount of the lease payments, the lease term and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease.

The lease term for all of the Company's leases includes the noncancelable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company monitors for events or changes in circumstances that require a reassessment of any of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Operating lease ROU assets are presented as 'Operating lease right-of-use assets' on the balance sheet. The current portion and the long-term portion is presented separately as "Operating lease liabilities" on the balance sheet.



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar, except where otherwise stated)

2. Significant accounting policies (contd.)

Financial Instruments - Measurement of Credit Losses

In June 2016, the FASB issued amended guidance for the measurement of credit losses on financial instruments. Entities are required to use a forward-looking estimated loss model. The Company adopted the amended guidance on a modified retrospective approach on April 1, 2022. The amended guidance did not impact Company results of operations.

The allowance for credit losses reflects best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions.



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar)

3. Leases

The Company had entered into non-cancellable operating lease for certain office premises. These leases of office premises were entered into in earlier years.

A. The component of lease cost for the year ended March 31, 2023 were as follows:

Operating lease cost	80,202
Short-term lease cost	64,840
Total lease cost	<u><u>145,042</u></u>

B. Amount reported in balance sheet as of March 31, 2023 were as follows:

Operating lease right-of-use assets	67,468
Operating lease liabilities - Current liabilities	77,976
Operating lease liabilities - Non-current liabilities	-

C. Supplemental cash flow information

Operating cash flows pertaining to operating leases	145,042
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D. Weighted-average remaining lease term and weighted-average discount rate are as follows:

Remaining lease term (years)	1 year
Discount rate	3.25%

D. Maturities of lease liabilities as of March 31, 2023 are as follows:

2024	77,367
Total Lease payments	77,367
Less: Interest	1,345
Present value of lease liability	76,022

4. Cash and cash equivalents

Cash and cash equivalents as at:

	March 31, 2023	March 31, 2022
Balance with banks		
In current account	4,202,915	13,141,325
Deposit with original maturity of less than three months	-	3,803,585
	<u><u>4,202,915</u></u>	<u><u>16,944,910</u></u>

5. Investments

Held for trading, Carried at fair value

Details of investment in liquidity funds is as follows:

1,017,235 (March 31, 2022:NIL) units Blackrock Liquidity Funds Treasury Trust	1,017,235	-
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Held to Maturity, Carried at amortised cost

Investment in Treasury bills	12,182,691	-
	<u><u>13,199,926</u></u>	<u><u>-</u></u>

6. Accounts receivable, net of allowances for doubtful accounts

The accounts receivable, net of allowances for doubtful accounts, amounted to \$11,048,583. as of March 31, 2023 (March 31, 2022: \$ 10,423,948). Revenue from top five customers accounted for 60% as of March 31, 2023 (March 31, 2022: 62%). The amount due from these customers accounted for 63% of the account receivables as on March 31, 2023 (March 31, 2022: 57 %).



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar)

7. Other assets

Other assets consist of the following:

	March 31, 2023	March 31, 2022
Current		
Term deposits maturing within 12 months from the balance sheet date	10,500,000	-
Advances to vendor	364,602	275,120
Advances to employees	37,457	33,245
Prepayments	452,727	187,060
Interest accrued	244,165	-
	11,598,951	495,425
Non-current		
Security deposits	13,617	11,991
	13,617	11,991

8. Property and equipment, net

Property and equipment consist of the following:

	March 31, 2023	March 31, 2022
Computer equipment	451,161	345,790
Furniture and fixtures	18,534	22,425
	469,695	368,215
Less: Accumulated depreciation and amortization	(250,357)	(212,519)
	219,338	155,696

9. Line of credit

The Company has working capital limit of \$5,500,000 with Chase Bank for funding its requirements. The amount outstanding as at March 31, 2022 and March 31, 2023 NIL .

9a. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following:

	March 31, 2023	March 31, 2022
Due to officers and employees	-	2,162,852
Provision for compensated absences (current)	551,676	296,206
Others accrued expenses	108,110	55,508
	659,786	2,514,566

9b. Other non-current liabilities represents non-current portion of provision for compensated absences amounting \$280,664 (March 31, 2022: \$357,436).

10. Stockholder's equity

LatentView Analytics Corporation has a single class of equity shares carrying face value of USD 0.01 each. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The voting rights of an equity shareholder on poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

Failure to pay any amount called up on share may lead to forfeiture of shares.

On winding up of LatentView Analytics Corporation, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportions to the number of equity shares held.

11. Accounts Payable

	March 31, 2023	March 31, 2022
Accounts payable	68,229	59,493
	68,229	59,493



LATENTVIEW ANALYTICS CORPORATION

Notes to Financial Statements

(in United States Dollar)

12. Fair value measurements

Fair value of financial instruments

The following table represents the carrying amounts and estimated fair value of the Company's financial instruments at end of the period. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

	As at March 31, 2023		As at March 31, 2022	
	Carrying	Fair value	Carrying	Fair value
Financial assets:				
Cash and cash equivalents	4,202,915	4,202,915	16,944,910	16,944,910
Investments in trading securities	13,199,926	13,199,926	-	-
Contract assets	617,875	617,875	212,180	212,180
Trade accounts receivable	11,048,583	11,048,583	10,423,948	10,423,948
Other non current assets	13,617	13,617	11,991	11,991
Other current assets	11,146,224	11,146,224	308,365	308,365
	40,229,140	40,229,140	27,901,394	27,901,394
Financial liabilities:				
Trade accounts payable	68,229	68,229	59,493	59,493
Due to affiliated companies	6,063,863	6,063,863	4,650,632	4,650,632
Loan from Related party	6,900,000	6,900,000		
Accrued expenses and other liabilities	108,110	108,110	45,000	45,000
	13,140,202	13,140,202	4,755,125	4,755,125

The fair values of the financial instruments shown in the above table as of year end periods represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability.

Those judgments are developed by the Company based on the best information available in the circumstances, including expected cash flows and appropriately risk adjusted discount rates, available observable and unobservable inputs.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade accounts receivable, contract assets, other current and non current assets, trade accounts payable, accrued expenses and other liabilities (excluding employee payables and provision for compensated absences), due to affiliated companies: The carrying amounts, at face value or cost plus accrued interest, approximate fair value because of the short maturity of these instruments.

Investment securities at Available for sale: Equity securities with readily determinable fair values are measured using quoted market prices at the reporting date multiplied by the quantity held.

13. Revenue from contracts with customers

	March 31, 2023	March 31, 2022
Revenue from analytics services	63,268,893	51,912,886

Reconciliation of revenue recognised in statement of profit and loss with contracted price:

Revenue as per contract price	63,409,256	52,071,372
Less: Adjustments to contract price	(140,363)	(158,486)
Total	63,268,893	51,912,886

Adjustment to contract price includes consideration paid to customers and cash discount given to customers on prompt payment.



LATENTVIEW ANALYTICS CORPORATION

Notes to Financial Statements

(in United States Dollar)

Revenue from contracts with customers (continued)

Major customers

Revenue from top five customers is USD 38,073,590 which constitutes 60% of the Company's total revenue and individually comprises 3 customers contributing more than 10% of the total revenue.

Contract balances

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. The Company does not have impairment losses associated with contracts with customers for the year ended March 31, 2023.

The table below shows significant movements during the fiscal year end periods in contract assets

	March 31, 2023	March 31, 2022
Contract assets		
Balance as at the beginning of the year	212,180	561,169
Revenue recognised during the period but not billed	617,875	212,180
Amounts billed	(212,180)	(561,169)
Balance as at the end of the year	<u>617,875</u>	<u>212,180</u>

Contract liabilities consist of fees invoiced or paid by the Company's customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company's revenue recognition criteria.

	March 31, 2023	March 31, 2022
Contract liabilities		
Balance as at the beginning of the year	923,584	1,103,038
Amounts billed but not yet recognized as revenues	1,639,686	923,584
Revenues recognized related to the opening balance of deferred revenue	(923,584)	(1,103,038)
Balance as at the end of the year	<u>1,639,686</u>	<u>923,584</u>

Remaining performance obligations

Remaining performance obligations represent the amount of the transaction price under contracts with customers that are attributable to performance obligations that are unsatisfied or partially satisfied at the reporting date. The remaining performance obligations are part of the contracts with expected duration of less than year and therefore no information is required to be disclosed in accordance with para ASC 606-10-50-13



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar)

14. Other income

The break up for other income is as follows

	March 31, 2023	March 31, 2022
Interest income	352,079	1,895
Foregiveness of Paycheck Protection Programme Loan (Refer note 20)	-	3,021,852
Total	352,079	3,023,747

15. Employee benefit plans

The Company has a qualified 401(k) Savings and Investment Plan (the Plan) whereby employees may contribute toward their pre-tax contribution, up to the Federal annual limits prescribed for the year.

During the year ended March 31, 2022, the Company matched 15 cents for every \$ 1 contributed to the Plan by participants up to 4% of base compensation (subject to statutory limits) as opted by the employees and the Company contributed approximately \$ 22,738 to the 401(k) Plan which is included as part of employee benefit expenses in the income statement.

During the year ended March 31, 2023, the Company matches 50% of the employee contribution to the Plan up to 4% of such contribution (subject to statutory limits) and the company contributed approximately \$ 223,937 to the 401(k) Plan which is included as part of employee benefit expenses in the income statement.

16. Stock based compensation

i. Description of Employee Stock option plan

Latent View Analytics India Limited ('Parent Company') has issued options on its own shares to specified employees of the Company. The cost of options has been charged to the Company based on the grant date fair value.

2016 Employee stock option plan (hereinafter referred as "the Plan")

This plan was approved by the Board of Directors and Shareholders of the Parent Company on April 1, 2016. The plan entitles senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by issue of equity shares of the Parent Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option.

Employee entitled	Number of options outstanding	Number of options that shall vest per year	Grant date	Vesting period ends on	Contractual life of the options as per the plan
Employees who have been in employment of the Company before October 31, 2013 and identified as such by the Compensation Committee in consultation with the Board.	180,000	Graded vesting	April 08, 2016	April 08, 2017	1-10 years
Employees who have been in employment of the Company or holding company or subsidiary company of the Company and identified as such by the Compensation Committee in consultation with the Board.	640,000	Graded vesting	October 11, 2021	Uniform vesting of 25% over 4 years falling on each anniversary post grant date	1-10 years
Employees who have been in employment of the Company or subsidiary company, identified based on their criticality and potential and approved by the Nomination and Remuneration Committee	90,000	Graded vesting	October 29, 2022	Uniform vesting of 25% over 4 years falling on each anniversary post grant date	1-10 years

The general terms and conditions related to the grant of all the above share options are as follows.

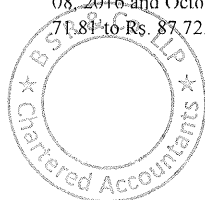
- a) The scheme would be administered and supervised by a committee appointed by the board called "Nomination and Remuneration Committee".
- b) Right to exercise is only upon receipt of exercise notice from the Compensation Committee.
- c) Options are not transferable. On resignation, options already vested to the employee as at the date of resignation can be exercised in accordance with the plan.

Measurement of fair values

The options outstanding at March 31, 2023 have an exercise price and the range of weighted average contractual life as follows:

	Grant Date
	<u>29-Oct-22</u>
Number of outstanding options	90,000
Range of exercise price	Rs 359 (USD 4.37)
Weighted average remaining life (years)	2.5 years
Expected volatility (at the Holding Company)	18.15%
Risk-free interest rate (based on government bonds in the jurisdiction of the Holding Company)	6%

The estimated grant-date fair value of stock options granted under 2016 plan is Rs. 22.47 to Rs. 30.34 and Rs. 38.83 to Rs. 50.70 for the grants made on April 08, 2016 and October 11, 2021 respectively. For the grants during the current year Dated October 29, 2022 the grant-date fair values are in the range of Rs. 71.81 to Rs. 87.72. The fair values are measured based on the Black-Scholes-Merton formula.



LATENTVIEW ANALYTICS CORPORATION
Notes to Financial Statements
(in United States Dollar)

Reconciliation of outstanding share options

	March 31, 2023		March 31, 2022	
	Weighted average exercise price*	Number of options	Weighted average exercise price*	Number of options
Options outstanding at the beginning of the year	19.45	4,527,375	132	255,375
Increase on account of bonus shares issued		-		3,812,500
Options relating to employees	76	120,000		-
Granted during the year	359	126,000	76	997,000
Exercised during the year	8.09	(3,584,969)	26	(390,500)
Lapsed during the year	134.3	(174,750)		-
Forfeited during the year		-	78	(147,000)
Outstanding at the end of the year		1,013,656		4,527,375
Exercisable at the end of the year		304,906		3,672,375

*Amounts in INR

17. Income taxes

The income tax expense consists of the following:

	March 31, 2023	March 31, 2022
<i>Current taxes</i>		
Federal	(15,113)	367,776
State	22,668	147,303
	<u>7,555</u>	<u>515,079</u>
<i>Deferred taxes</i>		
Federal	108,011	23,022
State	24,847	5,150
	<u>132,858</u>	<u>28,172</u>
Income tax expense, net	<u><u>140,413</u></u>	<u><u>543,251</u></u>

The Company recognizes interest and/or penalties related to income tax matters as a component of income tax expense. As of March 31, 2023 there were no accrued interest and penalties related to uncertain tax positions.

Deferred income taxes reflect the net effects of temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of net deferred tax assets and liabilities are as follows:

Deferred tax assets

	March 31, 2023	March 31, 2022
Compensated absences	-	167,730
Property and equipment	-	(34,872)
Total	<u><u>-</u></u>	<u><u>132,858</u></u>

Management establishes a valuation allowance for deductible temporary differences when it is more likely than not that the benefit of such deferred tax assets will not be recognized. The ultimate realization of deferred tax assets is dependent upon management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The company is in a cumulative loss position in the current year. The cumulative loss is largely driven by the ESOP deduction of \$14.91 million in the current year. The management believes that there will be additional ESOP deductions in future tax years and due to the uncertain nature of the timing and value of the option exercises, it is difficult to predict the amount of the future deductions. There is no ability to carryback the current year net operating loss generated, and the Company has no tax planning strategies. Given the negative evidence including the 3-year cumulative loss, management believes it is reasonable for the company to set up a valuation allowance against the net deferred tax assets in the current year.

Reconciliation of effective tax rate

The significant reconciling items from the expected income tax expense to the actual income tax expense includes state and local income taxes and change in tax rates in the US.

	March 31, 2023		March 31, 2022	
	%	Amount	%	Amount
Profit before tax		5,454,218		7,668,329
Tax using the Company's domestic tax rate	21.00%	1,145,386	21.00%	1,610,349
Effect of:				
State Tax	-8.89%	(484,763)	1.60%	122,557
Valuation allowance	48.00%	2,618,274		
M&E	0.08%	4,401	0.02%	1,366
ESOP	-57.39%	(3,130,375)	7.26%	(556,439)
PPP Loan Forgiveness	0.00%	-	-8.28%	(634,589)
Others	-0.23%	(12,510)	0.00%	8
Income tax expense, net	<u><u>2.57%</u></u>	<u><u>140,413</u></u>	<u><u>7.08%</u></u>	<u><u>543,251</u></u>

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LATENTVIEW ANALYTICS CORPORATION

Notes to Financial Statements

(in United States Dollar)

18. Related party transactions

(a) Key management personnel

AV Venkatraman	Director
Rajan Sethuraman	Director

(b) Related parties where control exists

LatentView Analytics Limited, India	Holding company
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(c) Related parties where significant influence exists

LatentView Analytics UK Limited, UK	Fellow subsidiary
LatentView Analytics Pte Limited, Singapore	Fellow subsidiary
LatentView Analytics B.V., Netherland	Fellow subsidiary
LatentView Analytics GmbH, Germany	Fellow subsidiary

Transaction/ nature of relationship

	During the year ended March 31, 2023	During the year ended March 31, 2022
Holding company		
Service expenses	29,856,590	25,359,673
Reimbursement of expenses incurred	-	45,900
Stock compensation expenses charged	133,951	95,975
Interest expenses on loan	234,944	-
Service expenses		
LatentView Analytics GmbH, Germany	111,543	47,687
LatentView Analytics UK Limited, UK	51,954	-
LatentView Analytics Pte Limited, Singapore	303,228	-

Balance payable to Related parties are as follows:

Name of the Party	As at March 31, 2023	As at March 31, 2022
LatentView Analytics Limited	5,456,243	4,602,945
LatentView Analytics GmbH, Germany	83,783	47,687
LatentView Analytics Pte. Limited	209,314	-
LatentView Analytics UK Limited	79,579	-

Loan payable to Holding company - LatentView Analytics Limited

Loan repayable	6,900,000	-
Interest payable	234,944	-

During the current year, the company had availed a loan from Latent View Analytics Limited ('Holding Company') amounting to USD 6,900,000 on September 20, 2022 at the interest rate of 3% + SOFR (Secured Overnight Financing Rate) per annum for the purpose of working capital. The interest accrued for the current year amounts to USD 234,944. As per the loan agreement the loan is repayable in installments over the next 12 month period.

19. Commitments and contingencies

The Company is not involved in any disputes, lawsuits and claims, including commercial matters. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements.

20. Long-term debt, excluding current installments

Loan Availed under the Paycheck Protection Program

LatentView Analytics Corporation was entitled to certain economic relief provided by the U.S. government in order to mitigate the impact of COVID-19 pandemic, in the form of a Paycheck protection programe loan received in the month of April 2020 amounting to USD 3 million. Pursuant to such economic relief schemes, during the quarter ended Decemeber 31, 2021, the Company received an approval for forgiveness of the paycheck protection program loan from the U.S. Small Business Adminstration (SBA) for an amount of USD 3 million. The total amount of loan forgiven has been classified as other income in the financial statement for the year ended March 31, 2022.

21. Note on subsequent event

There are no subsequent events that have occurred after the reporting period till the date of this financials statements.

