

Addverb Technologies USA Inc.

Financial statements

2021-22

INDEPENDENT AUDITOR'S REPORT

To,
The Board of Directors,
Addverb Technologies USA Inc.
3010, Gaylord Parkway,
Suite 150, Frisco, Texas 75034

OPINION

We have audited the accompanying financial statements of Addverb Technologies USA Inc. (a Delaware Corporation), which comprise the balance sheet as of March 31, 2022, the related statement of income, retained earnings, and cash flows for the period 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 Addverb Technologies USA Inc. as of March 31, 2022, and the results of its operations and its cash flows for the period 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 Addverb Technologies USA 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.

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 Addverb Technologies USA Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITORS 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 auditors 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, including omissions, 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 Addverb Technologies USA Inc.'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 Addverb Technologies USA 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.

For Rakesh Jain, CPA PC
Rakesh Jain
Certified Public Accountant

Date:- April 07, 2022

Addverb Technologies USA Inc**Balance Sheet****As of March 31, 2022**

	<u>Notes</u>	<u>As of March 31, 2022</u> USD
Assets		
Current Assets		
Cash and Cash Equivalent	1	585,995
Inventory	2	70,020
Loan and advances	3	40,000
Prepaid expenses	4	19,553
Other Assets	5	933
Deffered Tax Asset		178,047
Total Current Assets		894,548
Non-Current Assets		
Tangible Fixed Assets (Gross)	6	6,299
Less : Accumulated Depreciation		(105)
Intangible Fixed Assets (Gross)		-
Less : Accumulated Amortization		-
Total Fixed Assets		6,194
Total Assets		900,742

See accompanying notes to financial statements.

Addverb Technologies USA Inc**Balance Sheet****As of March 31, 2022**

	<u>Notes</u>	<u>As of March 31, 2022</u> USD
Liabilities and Shareholder Fund		
Current Liabilities		
Accounts payable	7	111,331
Advance from Customers	8	39,492
Other Current Liabilities	9	171,358
Total Current Liabilities		322,181
Shareholder's Fund		
Equity		1,000,000
Retained Earnings		-
Net Income/(Loss)		(421,439)
Total Shareholder's fund		578,561
Total Liabilities and Equity		900,742

See accompanying notes to financial statements.

Addverb Technologies USA Inc
Statement of Income from Operations
For the Period Ended March 31, 2022

	<u>Notes</u>	<u>For the Period Ended March 31, 2022</u>
		<u>USD</u>
Revenue		-
Cost of Sales		-
Gross Profit		-
Selling, General and Administrative Expenses		
Employee Benefit Expense	10	235,908
Selling, General and Administrative Expenses	11	362,804
Depreciation and Amortization		105
Finance Charges	12	50
Total Selling, General and Administrative Expenses		598,867
Operating Income (Expenses):		(598,867)
Other Income (Expenses):		
Other Income		-
Other Expenses	13	619
Total Other Income (Expenses), Net		619
Income before income taxes		(599,486)
Income taxes		
Deferred Tax Benefit/(Expenses)		178,047
Total Income Tax		178,047
Net Income (Loss)		(421,439)

See accompanying notes to financial statements.

Addverb Technologies USA Inc**Statements of Changes in Shareholder's Equity****For the Period Ended March 31, 2022****(In USD)**

Particulars	Capital	Net Income	Retained Earnings	Total Accumulated Surplus / (Deficit)
Capital contribution	1,000,000	-	-	1,000,000
Net Income / (Loss) for the period ended March 31, 2022	-	(421,439)	-	(421,439)
Distributions	-	-	-	-
Balances as of March 31, 2022	-	(421,439)	-	578,561

See accompanying notes to financial statements.

Addverb Technologies USA Inc**Statements of Cash Flows****For the Period Ended March 31, 2022**

	For the Period Ended March 31, 2022
	USD
<i>Cash Flows From Operating Activities:</i>	
Net Income	(421,439)
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>	
Add :Accumulated Depreciation	105
Accumulated Amortization	-
<i>Changes in operating assets and liabilities:</i>	
Prepaid expense	(19,553)
Loan and advances	(40,000)
Inventory	(70,020)
Other Assets	(933)
Defrred tax assets	(178,047)
Accounts payable	111,331
Advance from Customers	39,492
Other Current Liabilities	171,358
Net cash used by Operating Activities	(407,706)
<i>Cash Flows From Investing Activities:</i>	
Tangible Fixed Assets (Gross)	(6,299)
Intangible Fixed Assets (Gross)	-
Net cash provided by Investing Activities	(6,299)
<i>Cash Flows From Financing Activities:</i>	
Change in Equity	1,000,000
Net cash provided by Financing Activities	1,000,000
Net increase (decrease) in cash and cash equivalents	585,995
Cash and cash equivalents at beginning of the period	-
Cash and Cash Equivalents at end of the period	585,995

See accompanying notes to financial statements.

Addverb Technologies USA Inc.**Notes to the Financial Statement
For the Period Ended March 31, 2022**

Organization and Operations

Addverb Technologies USA Inc., a Delaware Corporation, having its registered office at 919 North Market Street, Suite 950 Wilmington, DE 19801, was incorporated on November 8, 2021. The Company is engaged in the business of robotics and warehouse automation solutions, manufacturing of robotic equipment, design consulting, manufacturing consulting and system integration for automated material handling systems, and leveraging technologies within the intra-logistics domain.

Addverb Technologies USA Inc. is registered as a foreign corporation in the state of California and Texas. The Company is a wholly owned subsidiary of Addverb Technologies Private Limited, an Indian Company incorporated under the laws of India with its registered office at Plot no. 5, Sec 156, Noida – 201301 (Uttar Pradesh), India.

Summary of Significant Accounting Policies**Financial Statement Presentation**

Addverb Technologies USA Inc. company's financial records have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The following notes describe the significant accounting policies.

Comparative Financial Statements

The financial year of the Company starts on April 01 and ends on March 31. However, the first financial year of the Company is from November 08, 2021 to March 31, 2022. As a result, no comparative figures have been presented.

Use of Estimates:

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Revenue Recognition:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

1. Sale of Goods

Revenue is recognised when the Company satisfies a performance obligation by transferring the promised goods to the customer. The goods are transferred when the customer obtains control of the goods.

Addverb Technologies USA Inc.**Notes to the Financial Statement
For the Period Ended March 31, 2022**

2. Software and other services

The Company provides services in design and build robotics and warehouse automation, other software and programming systems for customers through fixed-price contracts. Contract revenue is recognised when the Company's performance creates or enhances an asset that the customer controls as the asset is being created or enhanced.

Revenue from these contracts are recognised over time using the input method or output method respectively based on each performance obligation, to measure progress towards complete satisfaction of the contract obligations, and the Company has a right to consideration from customers in an amount that corresponds directly with the performance completed to date

3. Composite contract comprising goods, installation and commissioning and software

Revenue from these contracts are recognised over time using the input method or output method respectively based on each performance obligation, to measure progress towards complete satisfaction of the contract obligations, and the Company has a right to consideration from customers in an amount that corresponds directly with the performance completed to date.

Input method recognize revenue over time by reference to the Company's progress, which is measured by comparing the actual costs incurred on the project with the total estimated costs expected to complete the project.

Output method recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output method include methods such as appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered.

The Company apply a single method of measuring progress for each performance obligation satisfied over time depending upon the essence of the contract and the Company apply that method consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, the Company remeasure its progress towards complete satisfaction of a performance obligation satisfied over time.

Contract modifications that do not add distinct goods or services are accounted for as continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The period between the completion of work and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

If the value of the goods transferred by the Company exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognized.

Addverb Technologies USA Inc.**Notes to the Financial Statement
For the Period Ended March 31, 2022**

Cash and Cash Equivalents:

The Company defines cash equivalents as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. The Company maintained bank balance in one financial banking institution in the United States of America as of March 31, 2022. All the accounts are insured by the Federal Deposit Insurance Corporation on aggregate balances up to \$ 250,000.

Accounts Receivable:

Since no sales have occurred during the period, there are no accounts receivables in the current fiscal year.

Investments:

The company carries no investments in marketable securities.

Fair Value Considerations:

Addverb Technologies USA Inc. uses fair value to measure certain financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable Inputs-Level 3).

The fair value option allows entities to choose at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. Addverb Technologies USA Inc. did not elect the fair value option for the measurement of any eligible assets or liabilities.

Addverb Technologies USA Inc. financial instruments (primarily cash and cash equivalents, receivables and payables) are carried in the accompanying statement of financial position at amounts, which reasonably approximate fair value.

Federal Income Taxes:

The Company is a C Corporation for tax purposes, filing Form 1120 annually. Profits are not being passed through to owners. The company records income taxes pursuant to the liability method. Deferred tax assets and liabilities are recorded based upon differences between the financial statement and tax bases of assets and liabilities and the available tax carry forwards. A deferred tax valuation allowance is recorded to state deferred tax assets at the estimated net realizable value.

Retirement Plan – 401 (K) Plan

Eligible U.S. employees may participate in the Addverb Technologies USA Inc. 401(k) Plan. Enrollment in the 401(k) Plan is automatic for employees who meet eligibility requirements unless they decline participation. Company provides matching contributions of up to 4 percent of annual eligible compensation for employees hired.

Addverb Technologies USA Inc.
Notes to the Financial Statement
For the Period Ended March 31, 2022

Fixed Assets

As of March 31, 2022, fixed assets consists of the following:(in USD)

Particulars	Gross Block as of November 8,2021	Additions during the period	Deletions during the period	Gross Block as of March 31,2022	Estimated Useful Life (In Years)
IT Equipment	-	5,099	-	5,099	5
Office Equipment	-	1,200	-	1,200	5
Less: Accumulated Depreciation	-	(105)	-	(105)	
Net Block	-	6,194	-	6,194	

Depreciation expense for the period ended March 31, 2022 amounted to \$ 105.

Intercompany, Related Party and Affiliates Disclosure Information

During the period, the Company has transactions with related parties including companies affiliated through common ownership of the shareholders' who owns the Company. The Company has transactions mainly with Addverb Technologies Pte. Ltd. and Addverb Technologies Private Limited (which is holding company)

Intercompany Balances

Related Party	Particulars	Amount as of March 31,2022 (USD)
Addverb Technologies Pte. Ltd	Account Payable	20,489
Addverb Technologies Private Limited	Account Payable	50,776

Intercompany Transactions

Related Party	Particulars	Amount as of March 31,2022 (USD)
Addverb Technologies Pte. Ltd	Reimbursement Charges	19,870
	Professional Fees	619
Addverb Technologies Pte. Ltd	Reimbursement For Marketing Expenses	47,930
	Reimbursement of Consultancy Charges	2,846

Capital Contribution

Related Party	Particulars	Amount as of March 31,2022 (USD)
Addverb Technologies Private Limited	Capital Contribution (10,000 shares of \$ 100 each)	1,000,000

Addverb Technologies USA Inc.
Notes to the Financial Statement
For the Period Ended March 31, 2022

Income Taxes

The Company's deffered tax asset as of March 31,2022 are as follows:

Deffered Tax Asset	Amount as of March 31,2022 (USD)
Federal Tax @ 21%	125,892
State Tax @ 8.7%	52,155
Total	178,047

The Company has a profit/(loss) before tax of (\$ 599,486) for the period ended March 31, 2022, therefore, no provision for current income tax is required.

Impact of Covid-19

The outbreak of coronavirus disease might have affected the Company's operations in 2021-22 which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruptions which have been caused by the outbreak is uncertain; however, it may or may not result in a material adverse impact on the Company's financial position, operations, and cash flows in the future. Possible effects may include, but are not limited to, disruption to the Company's revenues and a decline in the value of its goodwill.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Company recognizes the effects of subsequent events that provide additional information about conditions that existed at the date of the statement of financial positions. Management has evaluated events occurring between the end of its fiscal year, March 31, 2022 and April 07, 2022, the date the financial statements were available to be issued for matters that would require disclosure or adjustments to the financial statements. No events have occurred subsequent to March 31, 2022 that requires recording or disclosure in these financial statements.

Addverb Technologies USA Inc.**Notes to the financial statements****For the Period Ended March 31, 2022**

	As of
	March 31, 2022
	USD
1 Cash and cash equivalents	
Citibank	585,995
	<u>585,995</u>
2 Inventory	
Finished product	70,020
	<u>70,020</u>
3 Loan and advances	
Advance to employee	40,000
	<u>40,000</u>
4 Prepaid expenses	
Prepaid expense	19,553
	<u>19,553</u>
5 Other assets	
Security deposit	933
	<u>933</u>
6 Tangible Fixed Assets	
Office equipment	1,178
IT equipment	5,016
	<u>6,194</u>
Office equipment	
Addition during the year	1,200
Less:- Depreciation	(22)
	<u>1,178</u>
IT Equipment	
Addition during the year	5,099
Less:- Depreciation	(83)
	<u>5,016</u>

Addverb Technologies USA Inc.**Notes to the financial statements****For the Period Ended March 31, 2022**

	As of
	March 31, 2022
	USD
7 Account payable	
Trade creditors	111,331
	<u>111,331</u>
8 Advance from customer	
Advance from customer	39,492
	<u>39,492</u>
9 Other Current Liabilities	
Other payroll expense payable	3,492
Payable to Mark Messina	49
Payable to Tapan Pattnayak	2,387
Payable to Daniel Cuellar	1,904
Provision for expense	163,526
	<u>171,358</u>

Addverb Technologies USA Inc.**Notes to the financial statements****For the Period Ended March 31, 2022****For the Period Ended
March 31, 2022****USD****10 Employee benefit expense**

Salaries and wages	204,052
Bonus	10,100
CPF employer contribution	20,814
Workmen compensation insurance	942
	<u>235,908</u>

11 Selling , general & administrative expenses

Audit fees	7,000
Telephone expense	139
Rent	2,386
Travel & entertainment	4,779
Consultancy fees	2,846
Professional expense	35,823
Sponsorship fees	1,000
Marketing expense	308,023
Subscription fees	660
Office expense	148
	<u>362,804</u>

12 Finance charges

Bank charges	50
	<u>50</u>

13 Other expense

Other Extraordinary charges	619
	<u>619</u>

April 07, 2022

 Director
 Bir Singh

 Director
 Indrakumar Jaiswal