

**EXPLEO SOLUTIONS INC.**

**(Formerly known as SQS BFSI INC.)**

**FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
AND INDEPENDENT AUDITOR'S REPORT**

**MARCH 31, 2021 AND 2020**

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**EXPLEO SOLUTIONS INC.**  
(Formerly known as SQS BFSI INC.)

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**MARCH 31, 2021 AND 2020**

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# **BALACHANDAR JAYARAMAN CPA LLC**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
Expleo Solutions Inc. (formerly known as SQS BFSI Inc.)

We have audited the accompanying financial statements of Expleo Solutions Inc (formerly known as SQS BFSI Inc.) (a Delaware Corporation), which comprise the balance sheets as of March 31, 2021 and 2020 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors and Stockholders of  
Expleo Solutions Inc. (formerly known as SQS BFSI Inc.)

**INDEPENDENT AUDITOR'S REPORT – (Cont'd)**

**Auditor's Responsibility – (cont'd)**

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Expleo Solutions Inc (formerly known as SQS BFSI Inc.) as of March 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of cost of sales and operating expenses (on pages 15-16) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

←→

***Balachandar Jayaraman CPA LLC***

Colonia, New Jersey

May 6, 2021

**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**BALANCE SHEETS**  
**March 31, 2021 and 2020**

	2021	2020
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 742,620	\$ 135,867
Accounts Receivable-Expleo India, net of allowance for doubtful accounts	405,022	1,317,937
Accounts Receivable - Affiliate/ Others net of allowance for doubtful accounts	734,988	291,956
Loans & Advances	2,695	4,565
Prepaid Expenses	3,757	5,109
<b>Total Current Assets</b>	<b>1,889,082</b>	<b>1,755,434</b>
<b><u>Property, Plant and Equipment</u></b>		
Computer Equipment	5,646	5,646
Less: Accumulated Depreciation	(5,380)	(3,971)
<b>Total Property, Plant and Equipment</b>	<b>266</b>	<b>1,675</b>
<b><u>Other Assets</u></b>		
Security Deposit	235	235
<b>Total Other Assets</b>	<b>235</b>	<b>235</b>
<b>Total Assets</b>	<b>\$ 1,889,583</b>	<b>\$ 1,757,344</b>
<b><u>Liabilities and Stockholder's Equity</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 64,029	\$ 10,092
Accounts Payable - Expleo India / Affiliates	72,172	162,242
Accrued Expenses	215,498	126,490
Accrued Income Taxes	8,620	3,845
<b>Total Current Liabilities</b>	<b>360,319</b>	<b>302,669</b>
<b><u>Stockholder's Equity</u></b>		
Common Stock - 0.01 Cent par value; 10,000 shares authorized and 3,000 shares issued	30	30
Additional Paid-in Capital	99,970	99,970
Retained Earnings	1,429,264	1,354,675
<b>Total Stockholder's Equity</b>	<b>1,529,264</b>	<b>1,454,675</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 1,889,583</b>	<b>\$ 1,757,344</b>

See independent auditor's report and accompanying notes to the financial statements

**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**STATEMENTS OF INCOME**  
**For the Years Ended March 31, 2021 and 2020**

	2021	2020
<u>Operating Revenues</u>		
Sales Revenues - Contracts	\$ 672,720	\$ 506,264
Total Operating Revenues	672,720	506,264
Cost of Sales (Schedule I)	(525,433)	(91,763)
Gross Profit/(Loss)	147,287	414,501
Operating Expenses (Schedule II)	(50,345)	(369,581)
Income/(Loss) from Operations	96,942	44,920
<u>Other Non-Operating Income/Expenses</u>		
Other Income	-	-
Interest Expense	-	-
Income/(Loss) before provision for Income Taxes	96,942	44,920
Income Tax Expense	(22,353)	(5,544)
<b>Net Income/(Loss)</b>	<b>\$ 74,589</b>	<b>\$ 39,376</b>

See independent auditor's report and accompanying notes to the financial statements

**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**For the Years Ended March 31, 2021 and 2020**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance at 04/01/2019	\$ 30	\$ 99,970	\$ 1,315,299	\$ 1,415,299
Contribution/Return of capital	-	-	-	-
Net Income/(Loss)	-	-	39,376	39,376
Balance at 03/31/2020	30	99,970	1,354,675	1,454,675
Contribution/Return of Capital	-	-	-	-
Net Income/(Loss)	-	-	74,589	74,589
<b>Balance at 03/31/2021</b>	<b>\$ 30</b>	<b>\$ 99,970</b>	<b>\$ 1,429,264</b>	<b>\$ 1,529,264</b>

See independent auditor's report and accompanying notes to the financial statements

**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended March 31, 2021 and 2020**

	2021	2020
<b><u>Cash Flows From Operating Activities</u></b>		
Net Income	\$ 74,589	\$ 39,376
Adjustment to Reconcile Changes in Net Income to Net Cash Provided by/(used in) Operating Activities:		
Depreciation Expense	1,409	1,426
<u>(Increase)/Decrease in:</u>		
Accounts Receivable-Expleo India	912,915	(10,152)
Accounts Receivable - Affiliate/ Others	(443,032)	(51,300)
Loans & Advances	1,870	(2,695)
Prepaid Expenses	1,352	309
Security Deposit	-	(235)
<u>Increase/(Decrease) in:</u>		
Accounts Payable	53,937	(19,374)
Accounts Payable - Expleo India / Affiliates	(90,070)	(137,876)
Accrued Expenses	89,008	(173,922)
Accrued Income Taxes	4,775	(8,650)
Net Cash Provided by/(used in) Operating Activities	606,753	(363,093)
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of Property, Plant and Equipment	-	-
Net Cash Provided by/(used in) Investing Activities	-	-
<b><u>Cash Flows From Financing Activities</u></b>		
Common Stock	-	-
Additional Paid-in Capital	-	-
Net Cash Provided by/(used in) Financing Activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	606,753	(363,093)
Cash and Cash Equivalents: Beginning of Year	135,867	498,960
Cash and Cash Equivalents: End of Year	<b>\$ 742,620</b>	<b>\$ 135,867</b>
<b><u>Supplemental Disclosure:</u></b>		
Cash paid for Interest	\$ -	\$ -
Cash paid for Income Taxes	<b>\$ 17,578</b>	<b>\$ 14,194</b>

See independent auditor's report and accompanying notes to the financial statements



**EXPLEO SOLUTIONS INC.**  
**(Formerly known as SQS BFSI INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 1. Organization

Expleo Solutions Inc. (formerly known as SQS BFSI Inc.) was incorporated on April 29, 2002 in the State of Delaware. Expleo Solutions Inc. (Expleo/ the Company) is a wholly owned subsidiary of Expleo Solutions Limited (formerly known as SQS India BFSI Limited) (Expleo India) a public limited corporation in India. Expleo is a software service firm that provides software validation and verification services to the Banking and Financial Services industry located throughout the United States.

Note 2. Summary of Significant Accounting Policies

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

a) Basis of Accounting

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

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amount of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

c) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash is defined as unrestricted cash balances and investments with original maturities of three months or less. As of March 31, 2021 and 2020, there were no restricted cash balances and investments.

d) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are deposited with federally insured commercial banks in the United States. Risk to the Company for the uninsured cash balances is considered minimal.

**EXPLEO SOLUTIONS INC.**  
**(Formerly known as SQS BFSI INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 2. Summary of Significant Accounting Policies – (Cont'd)

e) Accounts Receivable

Trade accounts receivable are stated at net of allowance for doubtful accounts. The Company establishes an allowance for uncollectible trade accounts receivable based on historical collection experience and management's evaluation of collectability of outstanding accounts receivable.

f) Property, Plant and Equipment

For financial reporting purposes, depreciation of property, plant and equipment is provided on the straight-line method. The estimated useful lives of the assets are as follows:

Computers	3 years
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All property, plant and equipment with acquisition costs of 5,000 INR, which is converted to US dollars (approximately equal to \$68 converted at the exchange rate of INR 73.15 per US Dollar as of March 31, 2021) according to the exchange rate applicable at the time of purchase and useful life of over one year, is capitalized. The cost of assets sold, retired, or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in statement of income and retained earnings. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

g) Revenue Recognition

The company generates revenue from professional services rendered. Revenue is recognized for the services performed while the corresponding costs of providing those services are reflected as cost of sales. Revenue represents services billed to Parent company based on cost plus margin as per transfer pricing study. The Company invoices the parent company for all services rendered to customers in the United States at cost plus margin based on transfer pricing study.

Billings to customers for out-of-pocket expenses were recorded as revenues. Unbilled services represent revenue for services performed but not yet billed until the subsequent period. Advances received prior to providing services are recognized as revenue when services are performed.

The company also bills customers on behalf of the parent company, which in turn, bills the subsidiary for the same amount. These billing and charges are offset each other as per the company's transfer pricing study.

**EXPLEO SOLUTIONS INC.**  
**(Formerly known as SQS BFSI INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 2. Summary of Significant Accounting Policies – (Cont'd)

h) Cost of Sales

Costs of sales primarily consist of employee payroll costs, related payroll taxes and benefits, business travel expenses, amounts paid to Expleo India for support services rendered to the customers and professional services for consultants on the projects.

i) Operating Expenses

Operating expenses are general and administrative in nature, which include recruiting, marketing, rent etc., which are not directly related to any specific client project, but provide for the overall support and direction of Expleo Solutions Inc.

j) Income Taxes

The Company provides for income taxes on the basis of United States generally accepted accounting principles (as codified by Financial Accounting Standards Board) which requires recognition of deferred taxes based on the differences between the financial statement and the tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

k) Advertising

The Company expenses the costs of advertising, including promotional expenses, as incurred.

l) Subsequent Events

Management considered subsequent events through the date of issuance of this report (May 6, 2021).

Note 3. Cash and Cash Equivalents

For purposes of statements of cash flows, Expleo Solutions considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Company maintains its cash accounts at banks, which are guaranteed by the FDIC up to \$ 250,000. As of March 31, 2021 and 2020, the Company's uninsured cash balances were as follows:

	<u>Mar. 31, 2021</u>	<u>Mar. 31, 2020</u>
Carrying Value	\$ 742,620	\$ 138,417
Portion insured by FDIC	250,000	138,417
Portion uninsured by FDIC	<u>\$ 492,620</u>	<u>\$ -</u>

**EXPLEO SOLUTIONS INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 3. Cash and Cash Equivalents– (Cont'd)

Risk to the Company for uninsured cash balances is considered minimal. In books, cash amounted to \$742,620 and \$135,867 as of March 31, 2021 and 2020. The variance between bank balance as per book and as per bank represents outstanding checks as of March 31, 2020, which cleared the bank in the subsequent month.

Note 4. Accounts Receivable – Expleo India

100 % of the revenues represented amounts billed to the parent company at cost plus margin basis, using transfer pricing study. Accounts Receivable – Expleo India consists of balances due from the parent company for services billed at cost plus basis. As of March 31, 2021 and 2020, such balances amounted to \$405,022 and \$1,317,937, respectively. Allowance for Doubtful Accounts amount to zero as of March 31, 2021 and 2020, respectively.

Note 5. Accounts Receivable – Affiliate/ Others

Accounts Receivable – Affiliate/ Others represent amounts billed to customers for direct billing by parent company routed through Expleo. Such balances amounted to \$734,988 and \$291,956 as of March 31, 2021 and 2020, respectively. It also includes balances due from US subsidiaries of the ultimate parent company in the amounts of \$179,850 and \$230,406, as of March 31, 2021 and 2020, respectively. Allowance for Doubtful Accounts amount to zero as of March 31, 2021 and 2020, respectively.

Note 6. Loans & Advances

The Company provides advances to employees to meet their expenses during relocation or temporary assignments away from their home location. These advances are adjusted when the employee's expense bills are submitted or salary advances are repaid by the employees. Advances also include fees paid to government for immigration matters. As of March 31, 2021 and 2020, loans & advances amounted to \$2,695 and \$4,565, respectively. These advances bear no interest.

Note 7. Prepaid Expenses

Prepaid expenses included amounts paid in advance for insurance, dues and subscription. As of March 31, 2021 and 2020, prepaid expenses amounted to \$3,757 and \$5,109, respectively.

Note 8. Property and Equipment

Property and equipment included computer equipment purchased for business purposes at a cost of \$ 5,646 and \$ 5,646 as of March 31, 2021 and 2020, respectively. The accumulated depreciation as of March 31, 2021 and 2020 amounted to \$5,380 and \$3,971, respectively. The depreciation expense for the years ended March 31, 2021 and 2020 amounted to \$1,409 and \$1,426, respectively.

**EXPLEO SOLUTIONS INC.**  
**(Formerly known as SQS BFSI INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 8. Property and Equipment (cont' d)

Additions and dispositions amounted to \$-0- and \$-0- respectively, for the years ended March 31, 2021 and 2020, respectively.

Note 9. Security Deposits

The Company has security deposit of \$235 and \$235 as of March 31, 2021 and 2020, respectively.

Note 10. Accounts Payable

Accounts payable includes outstanding invoices due to vendors. As of March 31, 2021 and 2020, the balances amounted to \$64,029 and \$10,092, respectively.

Note 11. Accrued Expenses

Accrued expenses include sales and marketing expenses, professional fees for services rendered, travel and immigration related expenses incurred during the reporting period. As of March 31, 2021 and 2020, accrued expenses amounted to \$215,498 and \$126,490, respectively.

Note 12. Accrued Income Taxes

Accrued income taxes consist of federal and state corporate income taxes owed by the Company less the amount of estimated tax payments made during the fiscal year. As of March 31, 2021 and 2020, they amounted to \$ 8,620 and \$ 3,845 respectively.

Note 13. Stockholder's Equity

During the years ended March 31, 2021 and 2020, parent Company Expleo India did not contribute any additional funds to Equity.

Note 14. Foreign Operations

Expleo India, the parent company, provides professional services to the customers in the USA and bills Expleo Solutions Inc at the agreed upon rates in US dollars based on the service contracts / orders received from the customers. Expleo Solutions, in turn, bills Expleo India for its revenues at cost plus margin basis in accordance with transfer pricing study.

**EXPLEO SOLUTIONS INC.**  
**(Formerly known as SQS BFSI INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 15. Related Party Transactions

Expleo India, the parent company of Expleo Solutions, undertakes full responsibility for project execution, provides operational and management direction, technical literatures, and training for implementation of projects.

Expleo billed \$672,720 and \$506,264 for costs of consultants provided for onsite/offshore services to Expleo India for the years ended March 31, 2021 and 2020, respectively. Such billing is based on transfer pricing study, which uses cost plus margin basis, consistent with industry standards.

Expleo Solutions billed customers on behalf of the parent company \$ 1,810,255 and \$ 1,117,793 for the years ended March 31, 2021 and 2020, respectively. These amounts are offset by Expleo India's billing to Expleo Solutions of the equal amounts, as per the Company's transfer pricing study and methodology recommended in the study.

Accounts Receivable due from Expleo India as of March 31, 2021 and 2020 were \$405,022 and \$1,317,937, respectively. Accounts Payable to related parent and other affiliated companies amounted to \$72,172 and \$162,242 as of March 31, 2021 and 2020, respectively. These amounts included \$-0- and \$158,242 towards balances due to Expleo India as of the same period. The March 31, 2021 and 2020 balance due included \$72,172 and \$4,000 for Expleo Technology USA, Inc. respectively; and \$-0- and \$-0- for Trissential LLC as of same year end. The amounts due to/ from are settled with the parent and affiliated companies periodically in the ordinary course of business.

Expleo Solutions raised debit note in the amount of \$279,803 and \$18,241 to Expleo India for marketing cost during the fiscal years ended March 31, 2021 and 2020, respectively.

During the years ended March 31, 2021 and 2020, Expleo Solutions received \$ 405 and \$ 777 respectively, from the customers of Expleo India. Expleo Solutions did not provide any services to those customers and all services were provided and billed by Expleo India.

Billings to related party SQS North America LLC amounted to \$117,667 and \$657,025 for the years ended March 31, 2021 and 2020 respectively. SQS North America LLC owed \$ 0 and \$230,406 as of the same period. SQS USA Inc and SQS North America LLC have merged to form Expleo Technology USA Inc. Billings to Expleo Technology USA Inc amounted to \$ 750,897 and \$-0- for the years ended March 31, 2021 and 2020, respectively. Expleo Technology USA Inc owed \$ 179,850 and \$-0- as of the same period.

**EXPLEO SOLUTIONS INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 16. Income Taxes

The Company files income tax returns in the U.S. federal and various state jurisdictions. During the years ended March 31, 2021 and 2020, the Company's federal and state tax expense / (benefit) amounted to \$22,353 and \$5,544, respectively. The Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years ended before March 31, 2018.

Note 17. Operating Lease

The Company's Lexington, KY office lease was renewed until December 31, 2020. KY lease commitment is charged back 100 % to the parent company. Expleo moved its office from Lexington, KY to Iselin, NJ in the last quarter of 2019. The new lease expires on November 30, 2021. Rental expenses incurred for the years ended March 31, 2021 and 2020 amounted to \$ 2,436 and \$-943- respectively. The future minimum lease payments for the NJ lease is as follows:

Fiscal Year Ending March 31, 2022 (till Nov 30, 2021)	\$ 1,880
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Note 18. Concentration

100 % of the sales revenue is based on billing the parent company for services rendered in the USA to various customers, at cost plus margin as per transfer pricing study. Sales to related party SQS North America LLC amounted to 3% and 59% respectively, during the years ended March 31, 2021 and 2020. Sales to another related party Expleo Technology USA Inc amounted to 40 % and 0 % respectively during the years ended March 31, 2021 and 2020. Similarly, accounts receivable from these two related parties accounted for 24% and 79%, respectively as of the same periods.

Billing to one unrelated customer on behalf of the parent company accounted for 21 % and 30 % of the total billings during the years ended March 31, 2021 and 2020, respectively. Similarly, two unrelated customers accounted for 36 % and 36 % and three unrelated customers accounted for 48 % and 40 % of the total billings during the same periods.

Accounts Receivable from one unrelated customer accounted for 65 % and 11 % as of March 31, 2021 and 2020, respectively. Accounts receivable from two unrelated customers accounted for 75 % and 21 % and three unrelated customers accounted for 76 % and 21 %, respectively as of the same period.

The Company maintains its cash in a bank deposit account located in New York, which, at times, may exceed federally insured limit of \$ 250,000. The Company has not experienced any losses in the account. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. As of March 31, 2021, and 2020, the uninsured cash balances were \$ 492,620 and \$ -0- respectively (Note 3).

**EXPLEO SOLUTIONS INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

Note 19. Sources and Timing of Revenue Recognition

The Company provided software services to customers during the fiscal years ended March 31, 2021 and 2020, as shown below:

<u>Segments</u>	<u>Mar. 31, 2021</u>	<u>Mar. 31, 2020</u>
Services Transferred Over Time	\$ 672,720	\$ 506,264
Total	<u>\$ 672,720</u>	<u>\$ 506,264</u>

Note 20. Subsequent Events—Uncertainties Regarding COVID-19

The COVID-19 outbreak in the United States and throughout the world has caused business disruption due to shelter-in-place regulations imposed by various governments. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including duration and spread of the outbreak, the future impact on the customers, employees and vendors, all of which are uncertain and cannot be predicted.

The business model of the Company enables the electronic delivery of IT services, which has been put in place for several years before the pandemic began. Therefore, the management believes that the Company's business activities in the United States are not materially affected from April 1, 2021 to May 06, 2021 (date of issuance of this report).



**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**SCHEDULES OF COST OF SALES**  
**For the Years Ended March 31, 2021 and 2020**

	2021	2020
Costs of Sales		
Payroll Expenses	\$ 140,693	\$ 76,974
Payroll Taxes & Benefits	20,785	15,363
Project Implentation/Professional Fees	363,955	(574)
Total Cost of Sales	<b>\$ 525,433</b>	<b>\$ 91,763</b>

See independent auditor's report and accompanying notes to the financial statements

**EXPLEO SOLUTIONS INC. (Formerly known as SQS BFSI INC.)**  
**SCHEDULES OF OPERATING EXPENSES**  
**For the Years Ended March 31, 2021 and 2020**

	2021	2020
<b>Operating Expenses</b>		
Salaries & Wages	\$ (44,587)	\$ 195,272
Travel & Immigration Expenses	26,795	299
Marketing Expenses	17,099	127,132
Payroll Taxes & Benefits	-	27,138
Professional Fees	9,403	51,493
Recruitment and Training Expenses	32,500	(37,708)
Rent	2,436	943
Office Expense/ Insurance	4,314	3,001
Telecommunication	976	585
Depreciation	1,409	1,426
	<b>\$ 50,345</b>	<b>\$ 369,581</b>
Total Operating Expenses		

See independent auditor's report and accompanying notes to the financial statements