

Firstsource Business Process Services, LLC

**Financial Statements
For the Year Ended March 31, 2023
Together With
Independent Auditor's Report**

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Balance Sheet	3
Statement of Income and Retained Earnings	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 7



INDEPENDENT AUDITOR'S REPORT

To the Management of
Firstsource Business Process Services, LLC
Amherst, New York

Adverse Opinion

We have audited the accompanying financial statements of Firstsource Business Process Services, LLC (the "Company") which comprise the balance sheet as of March 31, 2023, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, because of the significance of the election to exclude the balances, activity and results of operations of the Company's subsidiaries discussed in the Basis for Adverse Opinion section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Firstsource Business Process Services, LLC as of March 31, 2023, or the results of its operations or its cash flows for the year then ended.

Basis for Adverse Opinion

The Company has elected to exclude the balances, activity and results of operations of its subsidiaries from the accompanying financial statements. Under accounting principles generally accepted in the United States of America, the subsidiaries should have been consolidated because they are controlled by the Company. Had the subsidiaries been consolidated, many of the elements of the accompanying financial statements would have been materially affected.

We conducted our audit 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 Firstsource Business Process Services, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

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 Firstsource Business Process Services, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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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 Firstsource Business Process Services, LLC'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 Firstsource Business Process Services, LLC'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.

Allied CPAs, P.C.

Rochester, New York
June 16, 2023

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
BALANCE SHEET
AS OF MARCH 31, 2023

ASSETS

Current assets:

Cash	\$ 3,152
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Total current assets	<u>3,152</u>
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Investment in subsidiaries	91,296,413
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Deferred tax asset	<u>1,456,072</u>
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TOTAL ASSETS	<u>\$ 92,755,637</u>
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LIABILITIES AND MEMBERS' EQUITY

Current liabilities:

Due to related parties	\$ 15,450,804
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Total liabilities	<u>15,450,804</u>
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Members' equity:

Capital contributions	1
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Retained earnings	<u>77,304,832</u>
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Total members' equity	<u>77,304,833</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 92,755,637</u>
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The accompanying notes are an integral
part of these financial statements.

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2023

<u>REVENUE</u>	\$ -
<u>EXPENSES</u>	
Other operating expenses	10,000
TOTAL EXPENSES	10,000
NET LOSS FROM OPERATIONS	(10,000)
<u>OTHER INCOME (EXPENSE)</u>	
Dividends	36,000,000
Miscellaneous income	6,500,000
TOTAL OTHER INCOME (EXPENSE), NET	42,500,000
NET INCOME	42,490,000
Retained earnings - beginning of year	34,814,832
RETAINED EARNINGS - END OF YEAR	<u>\$ 77,304,832</u>

The accompanying notes are an integral
part of these financial statements.

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 42,490,000
Adjustments to reconcile net income to net cash provided by operating activities:	
Fair value adjustment	(6,500,000)
Dividend income receivable	(36,000,000)
Increase (decrease) in liabilities:	
Due to related party	<u>10,000</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>-</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment in subsidiary	<u>(51)</u>
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NET CASH USED IN INVESTING ACTIVITIES	<u>(51)</u>
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NET INCREASE IN CASH	(51)
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CASH AT BEGINNING OF YEAR	<u>3,203</u>
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CASH AT END OF YEAR	<u><u>\$ 3,152</u></u>
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The accompanying notes are an integral
part of these financial statements.

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 1 - Organization

Organization

Firstsource Business Process Services, LLC (the "Company") was incorporated under the laws of the state of Delaware on November 25, 2009. The Company is a wholly owned subsidiary of Firstsource Group USA, Inc., which is incorporated in the state of Delaware, which is a wholly owned subsidiary of Firstsource Solutions Limited, a company incorporated in the nation of India. On December 31, 2009, FirstRing Inc USA, another subsidiary of Firstsource Solutions Limited was merged with the Company.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All such financial instruments involve risk by their nature including the credit risk of non-performance by counter parties. In management's opinion, there was no significant risk of loss in the event of non-performance to these financial instruments, other than amounts already provided for in the consolidated financial statements. The Company's cash accounts are concentrated in a few financial institutions. Although the cash accounts at March 31, 2023 exceed the federally insured deposit limit, management does not anticipate nonperformance by the financial institution. Exposure to credit risk is managed through credit approvals, establishing credit limits, and monitoring procedures.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company did not write off any bad debts during the year ended March 31, 2023.

Revenue Recognition

In accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606), the Company recognizes their revenue from contracts using the following five-step process: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue as the Company satisfies a performance obligation.

Unbilled revenue represents work executed in accordance with the terms of the agreement with customers but not billed as of the balance sheet date.

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

Current income taxes are provided for in accordance with the applicable laws in various tax jurisdictions in which the Company operates. Income tax expense consists of the current tax provision and the net change in the deferred tax asset or liability for the year. Deferred income taxes are determined under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts of assets and liabilities, and their respective tax bases and operating loss and business loss 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 changes in tax rates is recognized in the results of operations in the period of enactment of the change. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Company has evaluated events and transactions after March 31, 2023, and through June 16, 2023, which is the date the financial statements were available to be issued for potential recognition and disclosure in the financial statements.

Note 3 - Related Party Transactions

As of March 31, 2023, accounts receivable (payable) related parties consist of the following:

Firstsource Group USA, Inc	\$ (45,257,722)
American Recovery Services, Incorporated	(6,193,082)
Dividends receivable from Firstsource Advantage, LLC	21,000,000
Dividends receivable from One Advantage, LLC	15,000,000
Net Due to Related Parties	<u>\$ (15,450,804)</u>

Note 4 – Investment in Subsidiaries

Investments

Investments in subsidiaries are stated at cost and consist of a 100% ownership in Firstsource Advantage, LLC, American Recovery Services, Incorporated, and One Advantage, LLC and a 1% ownership interest in Firstsource Solutions Mexico, S. de R.L. de C.V.

Fair Value Adjustment

The Company had a contingent liability that consisted of future consideration related to the acquisition of a subsidiary, American Recovery Service Incorporated., that occurred during the year ended March 31, 2022. Future consideration stemming from the acquisition is based on future revenues relative to expectations over a certain period, up to a maximum of \$6,500,000. For the year ended March 31, 2023, the condition for future consideration was not met, and therefore the full amount of the consideration was recognized as revenue and classified in Miscellaneous Income.