SOURCEPOINT, INC.

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

SOURCEPOINT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Management of
Sourcepoint, Inc.
Amherst, New York

Adverse Opinion

We have audited the accompanying financial statements of Sourcepoint, Inc. which comprise the balance sheet as of March 31, 2023, and the related statements of income, changes in stockholders' equity, 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 Sourcepoint, Inc. 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 Sourcepoint, Inc. 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.

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 Sourcepoint Inc.'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 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 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 Sourcepoint, 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 Sourcepoint, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 taken as a whole.

Allied CPAs, P.C.

Amherst, New York
June 7, 2023

SOURCEPOINT, INC.
BALANCE SHEET
AS OF MARCH 31, 2023

ASSETS

Current assets:		
Cash and cash equivalents	$	1,052,169
Accounts receivable, net of allowance for doubtful accounts of $1,331,989		4,687,237
Unbilled revenue		1,749,384
Prepaid expenses		850,178
Due from related parties, net		1,810,763
Other current assets		163,648
Total current assets		10,313,379
Equipment and leasehold improvements, net		3,014,831
Right to use assets, net of accumulated amortization of $5,019,530		2,546,790
Investment in subsidiaries		75,648,611
TOTAL ASSETS	**$**	**91,523,611**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accounts payable	$	131,410
Accrued expenses		2,896,878
Current portion of lease liability		1,583,380
Total current liabilities		4,611,668
Long-term liabilities:		
Long-term lease liability, net of current maturities		1,484,119
Total liabilities		6,095,787
Stockholder's equity:		
Common stock, par value $100 per share; 10,000,000 shares authorized; 733 shares issued and outstanding		73,300
Additional paid-in-capital		165,192,768
Accumulated deficit		(79,838,244)
Total stockholder's equity		85,427,824
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**91,523,611**

The accompanying notes are an integral part of this financial statement.

SOURCEPOINT INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2023

SERVICE REVENUE	$ 71,234,189
EXPENSES	
Staff costs	29,493,455
Depreciation expense	5,140,023
Consultancy charges	40,512,313
Other operating expenses	9,969,910
TOTAL EXPENSES	85,115,701
NET LOSS FROM OPERATIONS	(13,881,512)
OTHER INCOME (EXPENSE)	
Miscellaneous income	5,400,000
Interest expense	(186,881)
OTHER INCOME (EXPENSES), NET	5,213,119
NET LOSS	**$ (8,668,393)**

The accompanying notes are an integral part of this financial statement.

SOURCEPOINT INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance at beginning of year	$ 73,300	$ 145,192,768	$(71,169,851)	$ 74,096,217
Capital acquisition	-	20,000,000	-	20,000,000
Net income	-	-	(8,668,393)	(8,668,393)
BALANCE AT END OF YEAR	**$ 73,300**	**$ 165,192,768**	**$(79,838,244)**	**$ 85,427,824**

The accompanying notes are an integral part of this financial statement.

SOURCEPOINT INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (8,668,393)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	5,140,023
Fair value adjustment	(5,400,000)
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	22,283,944
Unbilled revenue	1,677,013
Prepaid expenses	349,774
Due from related parties	(1,810,763)
Other current assets	474,820
Increase (decrease) in liabilities:	
Accounts payable	(191,517)
Due to related parties	(23,079,994)
Accrued expenses	(2,843,874)
NET CASH USED IN OPERATING ACTIVITIES	(12,068,967)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment and leasehold improvements	(1,002,359)
Acquisition of business	(4,000,000)
NET CASH USED IN INVESTING ACTIVITIES	(5,002,359)
CASH FLOWS FROM FINANCING ACTIVITIES	
Reduction in lease liability	(2,793,867)
Capital acquisition	20,000,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	17,206,133
NET DECREASE IN CASH	134,807
CASH AT BEGINNING OF YEAR	917,362
CASH AT END OF YEAR	**$ 1,052,169**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	$ 186,881

The accompanying notes are an integral part of this financial statement.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - Sourcepoint, Inc. (the Company) is a 100% subsidiary of Firstsource Group USA Inc. Firstsource Group USA Inc. acquired a 100% interest in the Company and its wholly owned subsidiaries: Sourcepoint Fulfillment Services, Inc. in April 2016, and The StoneHill Group, Inc. in November 2021. Firstsource Group USA Inc. is a wholly owned subsidiary of Firstsource Solutions Limited, a listed company in India. The Company is engaged in providing a wide range of business process outsourcing services to the mortgage lending industry. The Company's customer base consists primarily of mortgage banks and financial institutions situated primarily in the United States of America.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USA GAAP).

Basis of Presentation - The accompanying financial statements represent reflect the assets, liabilities, revenues and expenses of the Company and does not include the assets, liabilities, revenues and expenses of its subsidiaries, Sourcepoint Fulfillment Services, Inc. and The StoneHill Group, Inc.

Use of Estimates - The preparation of financial statements in conformity with USA GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents - For purposes of the balance sheet and statement of cash flows, the Company considers all highly-liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Trade Accounts Receivable - Trade accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts 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.

Equipment and Leasehold Improvements - Equipment is stated at cost, net of accumulated depreciation. Assets acquired under capital leases are stated at the present value of minimum lease payments. Leasehold improvements are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the term of the lease. Depreciation of other equipment is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

• Computer equipment	2 - 4 years
• Office equipment	2 - 5 years
• Furniture and fixtures	2 - 5 years
• Software	2 - 4 years
• Leasehold improvements	5 years

Note 1 - Summary of Significant Accounting Policies, Continued

Revenue Recognition - The Company derives its revenues from business process outsourcing services. Revenue derived from professional services under the time-and-material contracts is recognized as the related services are performed. Revenue from title and related operations such as valuation, are primarily transactions based and is recognized when services are performed, the fee is fixed or determinable, and collection is reasonably assured.

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.

Advertising and Marketing Costs **-** The Company expenses all marketing and support expenses when incurred and these are included as part of operating expenses. Total marketing and support expenses for the year ended March 31, 2023 was $509,554.

Leases - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize long-term leases on their balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) 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. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management has elected to early adopt the provisions ASU 2016-02 for the year ended March 31, 2023.

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 some 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.

Contingent Consideration - Liabilities for loss contingencies arising from claims, tax assessments, litigations, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with the same are expensed as incurred. The Company did not accrue any contingent consideration as of March 31, 2023.

Note 1 - 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.

Subsequent Events - The Company has evaluated subsequent events and transactions after March 31, 2023, and through June 7, 2023, which is the date the financial statements were available to be issued as required by USA GAAP.

Note 2 - Other Current Assets

Other current assets at March 31, 2023 consists of the following:

Deposit	$ 143,106
Advances	20,542
Total	**$ 163,648**

Note 3 - Due from Related Parties, Net

Amounts due from (due to) related parties at March 31, 2023 are summarized as follows:

Firstsource Group USA Inc.	$ 27,808,152
One Advantage, LLC	2,480
Firstsource Health Plans and Healthcare Services, LLC	454,025
Sourcepoint Fulfillment Services, Inc	(5,320,105)
The StoneHill Group, Inc.	(9,995)
Firstsource Advantage LLC	(6,290)
Firstsource Solutions México, S. de R.L. de C.V.	(157,843)
MedAssist Holding, LLC	(7,924,153)
Firstsource Solutions Limited - India	(13,040,683)
PatientMatters, LLC	5,175
Net Due from Related Parties	**$ 1,810,763**

Note 4 - Equipment and Leasehold Improvements

Equipment and leasehold improvements at March 31, 2023 are summarized as follows:

Computer equipment	$ 4,996,966
Software	2,497,732
Furniture and fixtures	83,166
Leasehold improvements	2,394,709
	9,972,573
Accumulated depreciation	(6,957,742)
Net Equipment and Leasehold Improvements	**$ 3,014,831**

Note 5 - Employee Retirement Plan

The Company sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code that covers substantially all employees. There were no company matching contributions for the year ended March 31, 2023.

Note 6 - Lease Commitments

The Company occupies office space located in Palm Bay, Florida, Eugene, Oregon, Morrisville, North Carolina, Las Vegas, Nevada and Houston, Texas under lease agreements that expire at various dates through February 28, 2027.

The undiscounted minimum cash flows under these agreements are as follows:

Year ended March 31,	
2024	$ 1,670,152
2025	1,021,374
2026	240,042
2027	269,831
Total lease payments	3,201,399
Less: Imputed interest	133,900
Total	**$ 3,067,499**

Note 6 - Lease Commitments, Continued

The following constitutes the cumulative quantitative information for all lease agreements of the Corporation for the year ended March 31, 2023:

Financing lease cost	$ 147,971
Operating lease cost	3,020,883
Total lease costs	**$ 3,168,854**
Other information:	
Right to use asset recorded in conjunction with:	
Financing leases	$ 344,893
Operating leases	7,221,427
Total	**$ 7,566,320**
Weighted average remaining lease term under:	
Financing leases	1.14 years
Operating leases	2.26 years
Weighted average discount rate under:	
Financing leases	3.00%
Operating leases	4.21%

Note 7 – Contingent Liability

The Company's contingent liability consists of future consideration related to the acquisition of a subsidiary, The StoneHill Group, Inc., 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 $5,400,000. Management determined the contingent liability at March 31, 2022 to be $5,400,000. For the year ended March 31, 2023, the condition for future consideration was not met and therefore the full amount was recognized as revenue and classified in Miscellaneous Income.

SUPPLEMENTARY INFORMATION

SOURCEPOINT INC.
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED MARCH 31, 2023

Common costs	$	384,595
Insurance		170,861
Legal and professional fees		1,056,662
Rent, rates and taxes		2,989,501
Bank charges		109,202
Communication expenses		605,520
Printing and stationery		87,389
Miscellaneous		217,490
Repairs and maintenance		547,416
Software expenses		1,419,661
Travelling and conveyance		246,342
Bad debt expense		987,480
Hiring and recruitment		47,773
Marketing and support services		509,554
Connectivity charges		157,320
Car hire and other hire charges		59,537
Computer expenses		114,527
Electricity, water and power consumptions		259,080
TOTAL OPERATING EXPENSES	**$**	**9,969,910**