

Firstsource Business Process Services, LLC

**Financial Statements
For the Year Ended March 31, 2024
Together With
Independent Auditor's Report**

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC

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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, 2024, 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, 2024, 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.

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 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.

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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.

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.

Amherst, New York
June 27, 2024

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
BALANCE SHEET
AS OF MARCH 31, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 28,504
Deferred tax asset	<u>1,456,072</u>

TOTAL CURRENT ASSETS	<u>1,484,576</u>
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Investment in subsidiaries	<u>91,296,413</u>
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TOTAL ASSETS	<u>\$ 92,780,989</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Due to related parties	<u>5,980,804</u>
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TOTAL CURRENT LIABILITIES	<u>5,980,804</u>
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MEMBERS' EQUITY

Capital contributions	1
Retained earnings	<u>86,800,184</u>

TOTAL MEMBERS' EQUITY	<u>86,800,185</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 92,780,989</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, 2024

<u>REVENUE</u>	\$	-
<u>EXPENSES</u>		
Legal & professional fees		5,000
TOTAL EXPENSES		<u>5,000</u>
NET LOSS FROM OPERATIONS		<u>(5,000)</u>
<u>OTHER INCOME (EXPENSE)</u>		
Dividends		19,500,000
Interest income		<u>352</u>
TOTAL OTHER INCOME (EXPENSE), NET		<u>19,500,352</u>
NET INCOME	\$	<u><u>19,495,352</u></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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 19,495,352
Adjustments to reconcile net income to net cash provided by operating activities:	
Dividend income receivable	(19,500,000)
Changes in operating assets and liabilities:	
Due to related party	<u>(35,970,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(35,974,648)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend income received	<u>36,000,000</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>36,000,000</u>

NET INCREASE IN CASH 25,352

CASH AT BEGINNING OF YEAR 3,152

CASH AT END OF YEAR **\$ 28,504**

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, 2024

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, 2024 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

The Company provides credit to customers in the normal course of business but mitigates the associated risk by performing ongoing credit evaluations. Contract and other receivables are stated at their net carrying value, the net amount expected to be collected, based on the original cost less the accumulated lifetime estimated net credit loss allowance. The Company measure the lifetime estimated credit losses at the inception of each financial asset using the current expected credit loss model and recognizes any expected increases or decreases of expected credit losses that have taken place during the period. At both March 31, 2024 and 2023, there was no allowance for credit losses deemed necessary. There was no provision for credit losses recognized in 2024 or 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.

New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments – Credit Losses*, which requires management to measure credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period and present them at cost less the accumulated valuation allowance. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022. Management has adopted ASU No. 2016-13 during the year ended December 31, 2023 with modified retrospective application applied to all periods presented within these financial statements.

FIRSTSOURCE BUSINESS PROCESS SERVICES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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, 2024, and through June 27, 2024, 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, 2024, accounts receivable (payable) related parties consist of the following:

Firstsource Group USA, Inc	\$ (19,217,722)
American Recovery Services, Incorporated	1,241,918
Firstsource Advantage, LLC	4,995,000
One Advantage, LLC	<u>7,000,000</u>
NET DUE TO RELATED PARTIES	<u>\$ (5,980,804)</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.