

**HAPPIEST MINDS INC.** (Formerly PGS Inc.)

# UNAUDITED STANDALONE FINANCIAL STATEMENTS

**for the period ended  
January 1, 2021 to March 31, 2021**

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## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Balance Sheet as at 31 March 2021

(All amounts in USD, unless otherwise stated)

	Notes	As at 'March 31, 2021
<b>Assets</b>		
<b>Non- current assets</b>		
Financial assets		
i. Other financial asset	1	3,355,143
<b>Total non-current assets</b>		<b>3,355,143</b>
<b>Current assets</b>		
Financial assets		
i. Trade receivables	2	1,729,237
ii. Cash and cash equivalents	3	862,660
iii. Other financial assets	1	1,759,331
Other assets	4	41,411
<b>Total current assets</b>		<b>4,392,639</b>
<b>Total assets</b>		<b>7,747,782</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	5	100,000
Other equity	6	480,564
<b>Total equity</b>		<b>580,564</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Other financial liabilities	7	3,355,143
<b>Total non-current liabilities</b>		<b>3,355,143</b>
Current liabilities		
Contract liability	8	421,882
Financial liabilities		
i. Trade payables	9	1,675,206
ii. Other financial liabilities	7	1,706,115
Other current liabilities	10	8,872
<b>Total current liabilities</b>		<b>3,812,075</b>
<b>Total liabilities</b>		<b>7,167,218</b>
<b>Total equity and liabilities</b>		<b>7,747,782</b>

The notes referred to above form an integral part of the Standalone Financial Statements.

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Profit and Loss for the period January 1, 2021 to March 31, 2021

(All amounts in USD, unless otherwise stated)

	Notes	For the period January 1, 2021 to March 31, 2021
<b>Income</b>		
Revenue from contract with customers	11	2,678,652
Other income	12	37,985
<b>Total income</b>		<b>2,716,637</b>
<b>Expenses</b>		
Employee benefits expense	13	310,504
Finance cost	14	44,894
Other expenses	15	2,286,957
<b>Total expenses</b>		<b>2,642,355</b>
<b>Profit before exceptional items and tax</b>		<b>74,282</b>
Exceptional Items		-
<b>Profit before tax</b>		<b>74,282</b>
<b>Tax expense</b>		
Current tax		-
Deferred tax charge/ (credit)		-
		-
<b>Profit for the year</b>		<b>74,282</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income for the year</b>		<b>74,282</b>
<b>Earnings per equity share</b>		
Basic	16	0.74
Diluted	16	0.74

The notes referred to above form an integral part of the Standalone Financial Statements.

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Changes in Equity for the period January 1, 2021 to March 31, 2021

(All amounts in USD, unless otherwise stated)

<b>a) Equity share capital</b>		
	<b>No of Shares</b>	<b>Amount</b>
Equity share capital of \$ 1 each, fully paid up		
<b>As at January 1, 2021</b>	<b>100,000</b>	<b>100,000</b>
Issue during the period	-	-
<b>As at March 31, 2021</b>	<b>100,000</b>	<b>100,000</b>
<b>c) Other equity</b>		
	<b>Reserves and Surplus</b>	
	<b>Retained earnings (Note 6)</b>	<b>Total</b>
<b>As at January 1, 2021</b>	<b>406,282</b>	<b>406,282</b>
Profit/ (loss) for the period	74,282	74,282
Other comprehensive income recognized directly in retained earnings	-	-
<b>As at March 31, 2021</b>	<b>480,564</b>	<b>480,564</b>

The notes referred to above form an integral part of the Standalone Financial Statements.

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Cash Flows for the period January 1, 2021 to March 31, 2021

(All amounts in USD, unless otherwise stated)

	<b>For the period January 1, 2021 to March 31, 2021</b>
<b>Operating activities</b>	
<b>Profit before tax</b>	<b>74,282</b>
Adjustments to reconcile profit before tax to net cash flows:	
Impairment loss allowance on trade receivables	204,718
<b>Operating cash flow before working capital changes</b>	<b>279,000</b>
Movements in working capital:	
(Increase)/ decrease in trade receivables	53,049
(Increase)/ decrease in non-financial assets	(41,411)
(Increase)/ decrease in financial assets	(53,216)
Increase/ (decrease) in trade payables	(200,210)
Increase/ (decrease) in financial liabilities	(580,014)
Increase/ (decrease) in contract liabilities	15,710
Increase/ (decrease) in other non-financial liabilities	(26,360)
	(553,452)
Income tax paid	(361,480)
<b>Net cash flows from operating activities (A)</b>	<b>(914,932)</b>
<b>Investing activities</b>	
<b>Net cash flows used in investing activities (B)</b>	<b>-</b>
<b>Financing activities</b>	
<b>Net cash flows used in financing activities (C)</b>	<b>-</b>
Net increase in cash and cash equivalents	(914,932)
Cash and cash equivalents at the beginning of the year	1,777,592
<b>Cash and cash equivalents at the end of the year</b>	<b>862,660</b>
<b>Components of cash and cash equivalents</b>	
Balance with banks	
- on current account	862,660
<b>Total cash and cash equivalents</b>	<b>862,660</b>

The notes referred to above form an integral part of the Standalone Financial Statements.

## Happiest Minds Inc. (Formerly PGS Inc.)

Notes to the Standalone Financial Statements for the period January 1, 2021 to March 31, 2021

(All amounts in USD, unless otherwise stated)

<b>1. Other financial assets</b>	
	<b>March 31, 2021</b>
<b>Non-current</b>	
<b>Carried at fair value through profit or loss</b>	
Receivable from related party	3,355,143
<b>Total Non-current financial assets</b>	<b>3,355,143</b>
<b>Current</b>	
<b>Carried at fair value through profit or loss</b>	
Receivable from related party	1,706,115
	1,706,115
<b>Carried at amortized cost</b>	
Unbilled revenue	53,216
	<b>53,216</b>
<b>Total current financial assets</b>	<b>1,759,331</b>
<b>2. Trade receivables</b>	
Carried at amortized cost	
	<b>March 31, 2021</b>
<b>Current</b>	
Trade receivables - others	1,729,237
<b>Total trade receivables</b>	<b>1,729,237</b>
<b>Break-up for security details</b>	
Secured, considered good	-
Unsecured, considered good	1,933,955
Trade receivables which have significant increase in credit risk	-
Trade receivables - credit impaired	-
	<b>1,933,955</b>
<b>Impairment allowance</b>	
Secured, considered good	-
Unsecured, considered good	(204,718)
Trade receivables which have significant increase in credit risk	-
Trade receivables - credit impaired	-
<b>Trade receivables net of impairment</b>	<b>1,729,237</b>
(i)	No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
(ii)	Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

<b>3. Cash and cash equivalents</b>			
		<b>March 31, 2021</b>	
Balances with banks:			
- in current accounts		862,660	
		<b>862,660</b>	
<b>4. Other assets</b>			
		<b>March 31, 2021</b>	
<b>Current</b>			
Prepaid expenses		35,492	
Advance to suppliers		5,919	
		<b>41,411</b>	
<b>5. Share Capital</b>			
<b>Equity share capital</b>			
<b>i) Authorized share capital</b>			
	<b>Numbers</b>	<b>Amount</b>	
Equity share capital of \$ 1 each			
<b>As at January 1, 2021</b>	<b>100,000</b>	<b>100,000</b>	
Increase during the period	-	-	
<b>As at March 31, 2021</b>	<b>100,000</b>	<b>100,000</b>	
<b>ii) Issued, subscribed and fully paid up Equity share capital</b>			
	<b>Numbers</b>	<b>Amount</b>	
Equity share capital of \$ 1 each, fully paid up			
<b>As at January 1, 2021</b>	<b>100,000</b>	<b>100,000</b>	
Issue during the period	-	-	
<b>As at March 31, 2021</b>	<b>100,000</b>	<b>100,000</b>	
<b>(iii) Details of shareholders holding more than 5% shares in the Company:</b>			
	<b>March 31, 2021</b>		
	<b>No of Shares</b>	<b>Holding percentage</b>	
<b>Equity share capital of \$ 1 each, fully paid up</b>			
Happiest Minds Technologies Limited	100,000	100.00%	
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.			
(v). The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.			
<b>6. Other equity</b>			
		<b>March 31, 2021</b>	
Retained earnings		480,564	
		<b>480,564</b>	
<b>a) Retained earnings</b>			
<b>As at January 1, 2021</b>		406,282	
Profit/ (loss) for the period		74,282	
Other comprehensive income recognized directly in retained earnings		-	
<b>As at March 31, 2021</b>		<b>480,564</b>	



<b>a) Retained earnings:</b>	
Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.	
<b>7. Other financial liabilities</b>	
	<b>March 31, 2021</b>
<b>Non-current</b>	
<b>Carried at fair value through profit or loss</b>	
Warrant liability	3,355,143
	<b>3,355,143</b>
<b>Current</b>	
<b>Carried at fair value through profit or loss</b>	
Warrant liability	1,706,115
	<b>1,706,115</b>
<b>8. Contract liability</b>	
	<b>March 31, 2021</b>
Unearned revenue	421,882
	<b>421,882</b>
<b>9. Trade payables</b>	
<b>Carried at amortized cost</b>	
	<b>March 31, 2021</b>
Total outstanding dues to creditors	1,675,206
	<b>1,675,206</b>
Terms and conditions of above trade payables: '(i) Trade payables are non-interest bearing and are normally settled on 15 to 30 days terms	
<b>10. Other liabilities</b>	
	<b>March 31, 2021</b>
<b>Current</b>	
Statutory dues payable	8,872
	<b>8,872</b>
<b>11. Revenue from contract with customers</b>	
	<b>For the Period January 1, 2021 to March 31, 2021</b>
Sale of service	2,678,652
	<b>2,678,652</b>
<b>12. Other income</b>	
Fair value gain on warrant receivable	37,985
	<b>37,985</b>

<b>13. Employee benefits expense</b>	
	<b>For the Period January 1, 2021 to March 31, 2021</b>
Salaries, wages and bonus	310,504
	<b>310,504</b>
<b>14. Finance costs</b>	
	<b>For the Period January 1, 2021 to March 31, 2021</b>
Bank Charges	6,909
Fair value loss on warrant liability	37,985
	<b>44,894</b>
<b>15. Other expenses</b>	
Subcontractor charges	1,862,889
Rent expenses (Refer note i)	14,115
Advertising and business promotion expenses	43,749
Commission	47,362
Communication costs	392
Insurance	3,042
Legal and professional fees	3,159
Software license cost	83,244
Rates and taxes	11,577
Recruitment charges	11,765
Impairment loss allowance on trade receivables	204,718
Miscellaneous expenses	945
	<b>2,286,957</b>
(i) Rent expense recorded under other expenses are lease rental for short-term leases	
<b>16. Earnings per share ['EPS']</b>	
The following reflects the income and share data used in the basic and diluted EPS computations:	
	<b>For the Period January 1, 2021 to March 31, 2021</b>
Profit after tax attributable to equity holders of the Company (a)	74,282
Weighted average number of shares outstanding during the year for basic EPS (b)	100,000
Weighted average number of shares outstanding during the year for diluted EPS (c)	100,000
Basic earnings per share (in INR) (a/b)	0.74
Diluted earnings per share (in INR) (a/c)	0.74

## About Happiest Minds Technologies

Happiest Minds Technologies Limited (NSE: HAPPSTMNDS), a Mindful IT Company, enables digital transformation for enterprises and technology providers by delivering seamless customer experiences, business efficiency and actionable insights. We do this by leveraging a spectrum of disruptive technologies such as: artificial intelligence, blockchain, cloud, digital process automation, internet of things, robotics/drones, security, virtual/augmented reality, etc. Positioned as 'Born Digital . Born Agile', our capabilities span digital solutions, infrastructure, product engineering and security. We deliver these services across industry sectors such as automotive, BFSI, consumer packaged goods, e-commerce, edutech, engineering R&D, hi-tech, manufacturing, retail and travel/transportation/hospitality. A Great Place to Work-Certified™ company, Happiest Minds is headquartered in Bangalore, India with operations in the U.S., UK, Canada, Australia and Middle East.

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