

**HEAD OFFICE:**

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New Delhi- 110065  
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Fax: 011-41328425  
E-mail: [kapil@bansalco.com](mailto:kapil@bansalco.com)

**BANSAL & CO LLP**  
CHARTERED ACCOUNTANTS

To,  
The Board of Directors  
Brainbees Solutions Limited  
(Formerly known as Brainbees Solutions Private Limited)  
Rajashree Business Park  
Survey No. 338, Next to Sohrabh Hall  
Tadiwala Road, Pune - 411001  
Maharashtra, India

Dear Sirs,

**Re: Certificate on conversion of financial statements of material subsidiaries into India Rupees**

**Sub:** Proposed initial public offering of equity shares of face value of Rs. 2 each ("**Equity Shares**") of Brainbees Solutions Limited (Formerly known as BrainBees Solutions Private Limited) ("**Company**" and such initial public offering, "**Offer**")

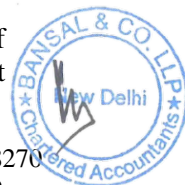
1. This certificate is issued in accordance with the terms of our engagement letter dated September 28, 2023 in context of the Issue.
2. At the request of the management of the Company, we have to verify the financial statement of Firstcry Trading Company translated to Indian Rupees for the year ended December 31, 2023, December 31, 2022 and December 31, 2021 as enclosed to this Certificate (hereinafter referred to as "**Translated Financial Statements**"), which is proposed to be uploaded on the website of Company in connection with the Offer.
3. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 ("**SRS 4400**") "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India.
4. We have performed following procedures:
  - a. reviewed the audited financial statements of FirstCry Trading Company for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 ("**Financial Statements**"), prepared in accordance with the International Financial Reporting Standards and International Accounting Standards, as amended and the reports issued thereon by the statutory auditors ("FirstCry Trading Company Auditors' Report").
  - b. reviewed the Translated Financial Statements along with the underlying workings; and
  - c. obtained and reviewed the exchange rates provided by the Management with the exchange rates available at the online portal; and
  - d. reviewed necessary documents and received necessary clarifications and explanations from the relevant officers of the Company and Firstcry Trading.

**Management's Responsibility**

5. The preparation of the Translated Financial Statements is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other relevant

**BRANCHES**

**Mumbai** : 7&8 GF, Wing-A, Raghavji Building, 15/17, Raghavji Road, Gowalia Tank, Mumbai-400026, Mob.: +91 9999668270  
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supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Translated Financial Statements and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

6. The management of the Company is responsible for ensuring that the Translated Financial Statements complies with the provisions of the ICDR Regulations and the requirements under the Companies Act, 2013 and other applicable rules and regulations.

**Practitioner's Responsibility**

7. Pursuant to the requirements, it is our responsibility to provide a reasonable assurance whether:
1. the Translated Financial Statements have been accurately converted from its functional currency i.e. Saudi Riyal (SAR) to presentation currency i.e. Indian Rupees (INR) in accordance with Indian Accounting Standard (Ind AS) 21 "The Effect of Changes in Foreign Currency Rates" as notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended; and
  2. the Translated Financial Statements have been prepared in compliance with the ICDR Regulations.
8. The Auditors' Report on audited standalone financial statements of FirstCry Trading (i) as at the end of and for the year ended December 31, 2023 and December 31, 2022, referred to in paragraph 3 above, have been audited by Aldar Audit Bureau Abdullah Al Basri & Co. (the "**Auditors**") and (ii) as at the end of and for the year ended December 31, 2021 referred to in paragraph 3 above, have been audited by M/s Dr. Mohammed Al- Amri & Co. (the "**Previous Auditors**"), on which the Auditors and Previous Auditors have issued an unmodified audit opinion *vide* their reports issued thereon by the statutory auditors dated April 25, 2024, April 16, 2023 and April 25, 2022 respectively. The audit of these standalone financial statements was conducted in accordance with the International Standards on Auditing and other applicable authoritative pronouncements issued by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. Those Standards require that the Auditors plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement.
9. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Offer Documents.
10. We did not audit the Financial Statements and Translated Financial Statements of FirstCry Trading Company. These Translated Financial Statements should not in any way be construed as a reissuance or re-dating of any previous audit reports, nor should these be construed as a new opinion on any of the Financial Statements.
11. We performed procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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12. We have complied with the relevant applicable requirements of the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by Institute of Chartered Accountants of India.

**Opinion**

13. Based on our examination, as above, we are of the opinion that:
- the Translated Financial Statements have been accurately converted from its functional currency i.e. Saudi Riyal (SAR) to presentation currency i.e. Indian Rupees (INR) in accordance with Indian Accounting Standard (Ind AS) 21 "The Effect of Changes in Foreign Currency Rates" as notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - the Translated Financial Statements have been prepared in compliance with the ICDR Regulations; and
  - the information herein above is true, complete, accurate and is not misleading.

**Restriction on Use**

14. This certificate has been prepared at the request of the Company for submission to the Book Running Lead Managers ("BRLMs") (namely, Kotak Mahindra Capital Company Limited, JM Financial Limited, BofA Securities India Limited, Morgan Stanley India Company Private Limited and Avendus Capital Private Limited), and legal counsels (namely, Khaitan & Co and Shardul Amarchand Mangaldas & Co counsels to the Issue under domestic law and Linklaters Singapore Pte. Ltd and Sidley Austin LLP, international legal counsel)) appointed in connection with the Issue by the Company and is not to be considered for any other purpose except submission with the Stock Exchanges, the Securities and Exchange Board of India ("SEBI"), Registrar of Companies and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the BRLMs in connection with the Issue. This certificate may be relied on by the BRLMs, their affiliates and legal counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation and due diligence of the affairs of the Company in connection with the Offer. We do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing, which shall not be unreasonably withheld.
15. We undertake to immediately inform the BRLMs and legal counsel in case of any changes to the above until the date when the Equity Shares pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

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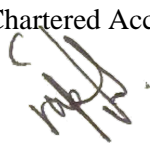
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CHARTERED ACCOUNTANTS

16. We hereby consent to the submission of this report to any regulatory / statutory/ governmental authority, stock exchanges, any other authority as may be required.

**For Bansal & Co LLP**

Firm Regn. No. 001113N/N500079  
Peer Review Number 011937  
Chartered Accountants



Kapil Mittal  
Partner

Membership No.: 502221  
UDIN: 24502221BKBFXU6824  
Place: New Delhi  
Date: July 23, 2024

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**Firstcry Trading Company**  
(Single Member Foreign Limited Liability Company)

**Statement of financial position**

**As at December 31, 2023**

(All amounts in INR million, unless otherwise stated)

Particulars	Note No.	As at December 31, 2023	As at December 31, 2022 (Restated)	As at December 31, 2021
<b>Assets</b>				
<b>Non-current assets</b>				
Property and equipment	5	34.30	28.74	-
Intangible assets	5	1.40	1.41	-
Right of use assets	6	141.51	59.77	-
Deferred tax	7	-	-	-
<b>Total non-current assets</b>		<b>177.21</b>	<b>89.91</b>	<b>-</b>
<b>Current assets</b>				
Inventory	8	560.92	388.62	-
Trade receivables and other debit balances	9	80.37	70.27	7.58
Cash and cash equivalents	10	255.56	1,415.90	575.90
<b>Total current assets</b>		<b>896.86</b>	<b>1,874.79</b>	<b>583.48</b>
<b>Total assets</b>		<b>1,074.07</b>	<b>1,964.70</b>	<b>583.48</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	11	2,052.86	2,052.86	590.12
Accumulated losses		(1,856.45)	(555.68)	(12.81)
Employee stock option program reserve	12	37.44	-	-
Actuarial valuation reserve for employee benefits		1.69	(0.35)	-
Foreign Currency Translation Reserve		118.62	117.96	3.37
<b>Total equity</b>		<b>354.15</b>	<b>1,614.79</b>	<b>580.68</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employee benefit obligations	13	13.12	6.46	0.51
Non-current portion of lease liabilities	6	-	7.03	-
<b>Total non-current liabilities</b>		<b>13.12</b>	<b>13.49</b>	<b>0.51</b>
<b>Current</b>				
Current portion of lease liabilities	6	80.33	48.22	-
Trade payables and other credit balances	14	320.53	186.91	2.29
Due to related parties	15	305.94	101.29	-
<b>Total current liabilities</b>		<b>706.79</b>	<b>336.43</b>	<b>2.29</b>
<b>Total liabilities</b>		<b>719.92</b>	<b>349.92</b>	<b>2.80</b>
<b>Total equity and liabilities</b>		<b>1,074.07</b>	<b>1,964.71</b>	<b>583.48</b>

**For Bansal & Co LLP**  
Firm Regn. No. 001113N/N500079  
Chartered Accountants




**Kapil Mittal**  
Partner  
Membership No.: 502221

**For Firstcry Trading Company**



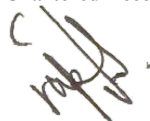

**Mr. Abhinav Sharma**  
Manager  
Dubai, UAE

Place: New Delhi  
Date: 23-07-2024

**Firstcry Trading Company**  
**(Single Member Foreign Limited Liability Company)**  
**Statement of profit and loss and other comprehensive income**  
**For the year ended December 31, 2023**  
*(All amounts in INR million, unless otherwise stated)*

Particulars	Note No.	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenues		1,662.94	166.98	-
Cost of revenues	17	(1,849.75)	(401.77)	-
<b>Gross Loss</b>		<b>(186.81)</b>	<b>(234.79)</b>	<b>-</b>
Selling and marketing expenses	19	(1,071.68)	(253.00)	-
General and administrative expenses	20	(94.61)	(57.86)	(12.32)
<b>Operating loss</b>		<b>(1,353.10)</b>	<b>(545.64)</b>	<b>(12.32)</b>
Other income		52.33	2.77	-
<b>Loss for the year</b>		<b>(1,300.76)</b>	<b>(542.88)</b>	<b>(12.32)</b>
<b>Other comprehensive income / (loss)</b>				
<b>Items will not be reclassified to profit or loss</b>				
Actuarial gains/(losses) on re-measurement of employee benefit obligations	13	2.04	(0.35)	-
<b>Items will be reclassified to profit or loss</b>				
Gains and (losses) arising from translating the financial statements of a foreign operation		-	114.59	10.44
<b>Total other comprehensive income for the year</b>		<b>2.04</b>	<b>114.25</b>	<b>10.44</b>
<b>Total comprehensive loss for the year</b>		<b>(1,298.73)</b>	<b>(428.63)</b>	<b>(1.88)</b>

**For Bansal & Co LLP**  
**Firm Regn. No. 001113N/N500079**  
**Chartered Accountants**



**Kapil Mittal**  
Partner  
Membership No.: 502221



Place: New Delhi  
Date: 23-07-2024

**For Firstcry Trading Company**



**Mr. Abhinav Sharma**  
Manager  
Dubai, UAE

**Firstery Trading Company**  
(Single Member Foreign Limited Liability Company)

**Statement of cash flows**

**For the year ended December 31, 2023**

(All amounts in INR million, unless otherwise stated)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Operating activities</b>				
Loss for the year before tax		(1,300.76)	(542.88)	(12.32)
<i>Adjustments for :</i>				
Depreciation of property and equipment	5	12.12	6.22	-
Depreciation of the right-of-use assets	6	65.86	51.31	-
Amortisation of intangible assets	5	0.34	0.05	-
Finance cost	17	0.44	0.22	-
Employee benefit obligations incurred	12	6.98	5.59	0.51
Employee stock option plan		37.44	-	-
Unpaid interest on lease liabilities	6	1.93	2.13	-
Foreign currency translation reserve		0.73	114.95	10.44
		(1,174.94)	(362.40)	(1.37)
<b>Net changes in working capital:</b>				
Inventories		(172.30)	(388.62)	-
Trade receivables and other debit balances		(10.11)	(62.70)	(7.58)
Trade payables and other credit balances		133.62	184.62	1.80
Due to related parties		204.64	101.30	(0.58)
Employee benefit obligation paid		(0.39)	-	-
<b>Net cash used in operating activities</b>		(1,019.47)	(527.80)	(7.73)
<b>Investing activities</b>				
Purchase of property and equipment	5	(17.68)	(34.96)	-
Purchase of intangible assets		(0.34)	(1.46)	-
<b>Net cash used in investing activities</b>		(18.01)	(36.41)	0.01
<b>Financing activities</b>				
Capital increase		2.04	1,462.38	-
Payment of lease liabilities		(124.89)	(58.18)	-
<b>Net cash generated from financing activities</b>		(122.85)	1,404.20	-
<b>Net change in cash and cash equivalents</b>		(1,160.34)	840.00	(7.72)
Cash and cash equivalents, beginning of year		1,415.90	575.90	583.63
<b>Cash and cash equivalents, end of year</b>	12	255.56	1,415.90	575.90

**For Bansal & Co LLP**

**Firm Regn. No. 001113N/N500079**

**Chartered Accountants**




**Kapil Mittal**

Partner

Membership No.: 502221

Place: New Delhi

Date: 23-07-2024

**For Firstery Trading Company**




**Mr. Abhinav Sharma**

Manager

Dubai, UAE



**Firstcry Trading Company**  
**(Single Member Foreign Limited Liability Company)**  
**Statement of changes in equity**  
**For the year ended December 31, 2023**  
*(All amounts in INR million, unless otherwise stated)*

Particulars	Share capital	Accumulated losses	Employee Stock option program	Actuarial valuation reserve for employee benefits	Foreign Currency Translation Reserve	Total equity
<b>Balance as at January 01, 2021</b>	590.12	(0.49)	-	-	(7.07)	582.56
Capital increase	-	-	-	-	-	-
Loss of the year	-	(12.32)	-	-	-	(12.32)
Gains and losses arising from translating the financial statements of a foreign operation	-	-	-	-	10.44	-
<b>Balance as of December 31, 2021</b>	<b>590.12</b>	<b>(12.81)</b>	<b>-</b>	<b>-</b>	<b>3.37</b>	<b>570.24</b>
Balance as at January 01, 2022	590.12	(12.81)	-	-	3.37	580.69
Capital increase	1,462.73	-	-	-	-	1,462.73
Loss of the year	-	(542.88)	-	-	-	(542.88)
Other comprehensive loss for the year	-	-	-	(0.35)	-	(0.35)
Gains and losses arising from translating the financial statements of a foreign operation	-	-	-	-	114.59	114.59
<b>Balance as of December 31, 2022 (restated)</b>	<b>2,052.86</b>	<b>(555.68)</b>	<b>-</b>	<b>(0.35)</b>	<b>117.96</b>	<b>1,614.79</b>
Balance as at January 01, 2023	2,052.86	(555.68)	-	(0.35)	117.96	1,614.79
Capital increase	-	-	-	-	-	-
Loss of the year	-	(1,300.76)	-	-	-	(1,300.76)
Other comprehensive loss for the year	-	-	-	2.04	-	2.04
Effects of changes in foreign currency rate	-	-	-	-	-	-
Employee Stock option granted	-	-	37.44	-	-	37.44
Gains and losses arising from translating the financial statements of a foreign operation	-	-	-	-	0.65	0.65
<b>Balance as of December 31, 2023</b>	<b>2,052.86</b>	<b>(1,856.45)</b>	<b>37.44</b>	<b>1.69</b>	<b>118.62</b>	<b>354.15</b>

**For Bansal & Co LLP**  
**Firm Regn. No. 001113N/N500079**  
**Chartered Accountants**

*(Signature)*

**Kapil Mittal**  
Partner  
Membership No.: 502221



**For Firstcry Trading Company**

*(Signature)* 

**Mr. Abhinav Sharma**  
Manager  
Dubai, UAE

Place: New Delhi  
Date: 23-07-2024



**1 Status and nature of business**

Firstery Trading Company - Single Member Foreign Limited Liability Company (the "Company"), operates under commercial registration number 1010627308 issued on 22 Jumada Al-Thani 1441 (H), corresponding to 16 February 2020 (G) in Riyadh. The Company obtained a license from the Ministry of Investment in the Kingdom of Saudi Arabia, the license number is 10407410190760 dated 5 Muharram 1441 (H), corresponding to 5 September 2019 (G). The Company is a wholly owned subsidiary of Firstery Management DWC LLC (the "Parent"), a Company registered in United Arab Emirates and controlled in turn by Brainbees Solutions Private Limited, which is the ultimate parent company of the group and is registered in India.

**Company purposes**

The Company's main activities include wholesale and retail sales of food and beverages, textiles and fabrics of all kinds, blankets and ready-made linens, sheets, clothing, children's clothing, baby care supplies and tools, clothing accessories, shoes, home furniture, household electronic and electrical appliances, chandeliers and all types of lighting fixtures, bags, household utensils and tableware accessories, pharmaceuticals, natural medicinal herbs, cosmetics, beauty soap, makeup tools, books, magazines, newspapers, and educational aids, including the import of written, drawn or illustrated intellectual production, office stationery, cassette tapes, video tapes, bicycles' spare parts and accessories, leather goods and travel accessories, musical instruments, children's toys, electronic games including import, cameras and their accessories, electric vehicles and wheelchairs, golf carts, wallpaper and floor coverings, metal accessories, locks, hinges and other items, pest control products, soap and cleaners, gifts and accessories, specialty and healthy foods, video games and their programs and accessories, ready-made curtains and mosquito nets, household tools and various handicrafts, cutting tools, ceramics, glassware and pottery, security and safety systems, prepaid cards of all types, boats, bicycles and more, sports clothing, uniforms, medical devices, equipment and supplies, watches of all kinds, antiques and gifts, daggers and silverware, retail sales and installation of ready-made swimming pools, cleaning materials, sale of plastic tools and materials, trade in fireworks, instant or door-to-door retail sales (street vendors), the retail sale of other goods in kiosks and markets, the activities of consumer commercial complexes, and the activities of public stores that include a variety of goods.

**2 Basis of preparation**

**Statement of compliance**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA. Details of the significant accounting policies are set out in Note No. (3).

**Basis of preparation**

These financial statements of the Company comprises of the Statement of financial position as at December 31, 2023, Statement of profit and loss and other comprehensive income, Statement of cash flows, Statement of changes in equity for the year ended December 31, 2022 (along with comparatives for the year ended December 31, 2022) and accounting policies and explanatory notes (collectively referred to as "Financial Statements").

These financial statements have been translated by the Company in Indian Rupees (INR) in accordance with Indian Accounting Standard (Ind AS) 21 "The Effect of Changes in Foreign Currency Rates" as notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. These financial statements are translated into INR for the sole purpose of uploading the same on the website of Brainbees Solutions Limited (formally known as Brainbees Solutions Private Limited) ("The Ultimate Parent Company") for the proposed Initial Public Offer ("IPO") of the Ultimate Parent Company in India.

**Going concern basis**

As shown in the financial statements, the Company incurred a comprehensive loss in the current year amounting to INR 1,298.73 million (SR 59,050,739). Furthermore, the Company's accumulated losses as at December 31, 2023, amounted to INR 1,856.45 million (SR 85,775,426) and it exceeded half of its capital by INR 2,882.88 million (SR 35,775,426). The Company's ability to continue its business depends on earning more revenues from its operations, reducing expenses, and obtaining sufficient financial support from the owner.

According to Article (182) of the Companies Law, if the losses of a company amount to half of its capital, the company's manager shall, within 60 days from the date of his knowledge thereof, call for a meeting of the general assembly of partners to consider the continuation of the company by taking measures necessary to resolve such losses, or the dissolution of the company. The Company's managers invited the owner company to a meeting, and it decided to continue the Company's operations and provide it with the necessary financial support to enable it to continue.

Based on the above, the financial statements are prepared on a going concern basis, which assumes that the Company will continue to exist in the foreseeable future.

**Basis of measurement**

The financial statements are presented in Saudi Riyals (SR) which is the functional currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.



#### **Presentation and functional currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is SAR. These financial statements are presented in Indian Rupees (INR). All values are reported in INR millions. These financial statements have been translated into INR using the following procedures:

- (a) assets and liabilities for each reporting dates are translated at the closing rates at the date of reporting dates i.e. 2023 - INR 22.1308 per SAR, 2022 - INR 22.3658 per SAR and 2021 - INR 19.7865 per SAR
- (b) income and expenses for each statement of comprehensive income are translated at average rate for the period/year i.e. 2023 - INR 21.9934 per SAR, 2022 - INR 22.0145 per SAR and 2021 - INR 19.6444 per SAR
- (c) all resulting exchange difference are recognised in other comprehensive income and accumulated in "Foreign Currency Translation Reserve" in other equity.

#### **Accounting records**

The Company maintains regular accounts on the computer in English.

#### **Accounting Estimates and Assumptions**

The preparation of the financial statements requires management to use some significant judgments, estimates and assumptions that affect the amounts of assets and liabilities presented and the value recognized for revenues and expenses during the financial reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions regarding the future. The resulting accounting estimates may differ from actual results. Significant judgments, estimates and assumptions are reviewed on a regular basis, and any differences are recognized in the financial statements for the current and future years.

Areas involving a higher degree of judgment or estimation, or material areas where assumptions and estimates have significant effects on the financial statements are as follows:

#### **A- Impairment of financial assets**

A provision for the impairment of financial assets is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the agreement. Significant financial difficulties facing the customer, the possibility of the customer entering bankruptcy or financial restructuring, default or late payment are all indications that there is objective evidence of impairment in the value of trade receivables. For significant individual amounts, an assessment is made on an individual basis. Amounts that are not individually significant, but which are past due, are assessed collectively and a provision is recognized considering the length of time in accordance with previous recovery rates.

#### **B- Provision for inventory**

Management creates provision for slow moving or obsolete inventories and estimates the net realizable value for inventories based on the most reliable evidence at the time the estimates are made and the provision is created.

#### **C- The useful life, residual value and method of depreciation for property and equipment**

The Company estimates the estimated useful life of property, plant and equipment. This estimate is determined after taking into account the expected usage of the asset and normal wear and tear. Management annually reviews the useful lives, residual values, and depreciation methods for property, plant and equipment. Current and future when management believes that the useful life, residual value, or depreciation method differs from those used in previous periods.

#### **D- Fair value measurement**

Management uses various valuation techniques to determine the fair value of financial instruments (when active market prices are not available) and non-financial assets. This involves making estimates and assumptions consistent with how market participants will price the instrument. Management bases its assumptions on data that is as observable as possible, but this is not always available. In this case, management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in a commercial transaction at the reporting date.

#### **E- Impairment of non-financial assets**

The Company's management periodically reviews the carrying value of non-financial assets to determine if there is any indication that those assets are suffering from any impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the decrease is recognized in the statement of profit or loss.

#### **F- Employee benefit obligations**

Management's estimation of employee benefit obligations is based on several key assumptions such as standard rates of inflation and mortality, the discount rate, and anticipation of future salary increases. Changes in these assumptions could significantly affect the amount of employee benefit obligations and the amount of annual benefit expense.

#### **New standards, amendments and interpretations to existing standards that became effective during the year**

Some standards, amendments and interpretations were applied for the first time in 2023, but they did not have any significant impact on the Company's financial statements including:

- Insurance contract - IFRS 17
- Deferred tax related to assets and liabilities arising from the single transaction - Amendment to IAS 12
- Disclosure of accounting policies - Amendment to IAS 1 and IFRS practice statement 2
- Definition of accounting estimates - Amendment to IAS 8

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following are the new and amended standards and interpretations, which are not yet effective at the date of the financial statements. The Company will apply these new and amended standards and interpretations, if applicable, when they become effective:

- Lease liability in sale and leaseback - Amendment to IFRS 16
- Classification of liability as current or non-current - Amendment to IAS 1
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Lack of exchangeability - Amendment to IAS 21

#### **4 Summary of significant accounting policies**

The Company has applied the following financial policies consistently to all periods presented in these financial statements unless otherwise stated.

##### **4-1 Financial Instruments**

#### **Recognition and derecognition**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of these instruments.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the financial assets are transferred and substantially all risk and reward is transferred.

A financial liability is derecognized when it is extinguished, that is, when the obligation is discharged (settled), cancelled or when it expires.

#### **Classification and initial measurement of financial assets**

Except for trade receivables which do not contain a significant financing component and are measured at the transaction price under IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, as applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortized cost
- Fair value through profit or loss
- Fair value through other comprehensive income

Classification is determined by both:

- The Company's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are presented under finance costs, finance income or other financial items, except for impairment of trade receivables, which are presented under other expenses.

#### **Subsequent measurement of financial assets**

##### **Financial assets at amortized cost**

A financial asset is measured at amortized cost if the asset meets the following conditions (and is not classified as a financial asset at fair value through profit or loss):

- It is held within a business model whose objective is to hold financial assets and collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective interest method. The discount is eliminated when the effect of the discount is immaterial.



#### **Financial assets at fair value through profit or loss**

Financial assets that are held in a different business model than "held to collect" or "held to collect and sell" are classified as at fair value through profit or loss. Furthermore, regardless Of the business model adopted, financial assets whose contractual cash flows are not solely payments of principal and interest are classified as at fair value through profit or loss. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, to which hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

The fair value of financial assets in this category is determined by reference to active market transactions or by using valuation techniques when no active market exists.

#### **Financial assets at fair value through other comprehensive income**

The Company classifies financial assets in fair value through other comprehensive income if the assets meet the following conditions:

- Is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Impairment of financial assets**

The requirements for the impairment of financial assets in IFRS 9 use more forward-looking information to recognize expected credit losses - the 'expected credit loss model'.

The Company considers a broader set of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have-not deteriorated significantly in credit or that have low credit risk ("Stage I")
- Financial instruments that have significantly deteriorated in credit quality since initial recognition and whose credit risk is not low ("Stage 2").
- Financial assets that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recorded for the second category.

The measurement of expected credit losses is determined by estimating the weighted average credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

The Company uses a simplified approach to accounting for trade and other receivables and records loss allowances as lifetime expected credit losses. These are the expected contractual cash flow deficits, taking into account the possibility of default at any stage in the life of the financial instrument. When calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate expected credit losses using a provision matrix.

The Company assesses the impairment of trade receivables on a joint basis as they have common credit risk characteristics, which are grouped based on the length of time to maturity.

#### **Classification and measurement of financial liabilities**

Financial liabilities are initially measured at fair value, adjusted, as appropriate, for transaction costs unless the Company designates it as a financial liability at fair value through profit or loss. After that, financial liabilities are measured at amortized cost using the effective interest method, except for derivatives and financial liabilities designated at fair value through profit or loss, which are subsequently measured at fair value. Gains or losses are recognized in the statement Of profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related costs and changes in the fair value of an instrument that are reported in profit or loss are included in finance costs or finance income, as applicable.

#### **4-2 Inventory**

The cost of inventories is determined on a first-in-first-out basis, and the value of inventories is stated at cost or net realizable value, whichever is lower. Inventory is valued at cost by invoice value plus any other charges incurred for shipping the inventory to its current location. The carrying value of the inventories is reviewed regularly and when required, the inventories are written down to their net recoverable value or a provision for obsolescence is made in case there is any change in the usage pattern or physical form of the related inventories which leads to an impairment in their value.

#### **4-3 Property and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes all direct expenses necessary to bring the assets to the site to enable them to operate in the manner intended by the management of the Company.

Depreciation is calculated by subtracting the residual value of the asset from the original cost over the estimated useful life using the straight-line method. The useful life, residual value and depreciation method are reviewed at the end of the annual reporting period, taking into account the effect of any changes in the estimates calculated on a future basis.

Leasehold improvements are depreciated on a straight-line basis over the useful life of the improvements or the term of the lease, whichever is shorter.

Repair and maintenance expenses are considered a revenue expense in the profit or loss statement when incurred, while improvement expenditures that extend the useful life of the asset are capitalized.

The cost of replacing part of an item of property, plant and equipment is capitalized to the carrying amount if it is probable that future economic benefits of the item will flow to the Company and its cost can be measured reliably. The daily costs of servicing property, plant and equipment are recognized in the statement of profit or loss.

An item of property, plant and equipment is written off/removed upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. The gain or loss that may arise from the sale or disposal of an item of property, plant and equipment is measured as the difference between the net proceeds from disposal and the carrying amount of the asset and recognized in the statement of profit or loss.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures : 20%-33%

Machinery, equipment and tools : 20%-22%

Computers: 20%

Leasehold improvements: 50%-58%

#### **4-4 Right-of-use assets**

The Company recognizes right-of-use assets on the lease commencement date (i.e., the date the asset is usable). The right-of-use asset is recognized at cost, less accumulated depreciation and impairment losses, and the value is adjusted when lease liabilities are revalued.

The cost of the right-of-use asset includes the value of the lease liabilities recognised, plus initial direct costs incurred, and lease payments made on or before the lease commencement date, less any lease incentives received. In the event that the Company is not certain of obtaining the ownership of the leased asset at the end of the contract period, the value of the right to use the recognized asset is depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever is less. Right-of-use assets are subject to impairment testing.

#### **4-5 Cash and cash equivalents**

Cash and cash equivalents consist of items that can be readily converted into cash and which are subject to an insignificant risk of changing in value. Cash and cash equivalents in the statement of financial position consist of cash at banks and petty cash imprest.

#### **4-6 Accounts payable and accruals**

Liabilities are recognized for amounts due in the future for goods or services received, whether billed by the supplier or not.

#### **4-7 Provisions**

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs of settling the obligation are probable and can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.



#### **4-8 Contingent liabilities**

Contingent liabilities are disclosed when the Company has potential obligation as a result of a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company, or the Company has present legal or constructive obligations arising from events past, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or that the amount of the obligation cannot be measured reliably.

#### **4-9 Employee benefit obligations**

The Company provides end of service benefits to its employees in accordance with the labour law in the Kingdom of Saudi Arabia. The entitlement to these benefits is based upon the employee's final salary and length of service, subject to the completion Of a minimum service period by the employee. The expected costs of these benefits are recorded over the period of service, and an annual provision is created based on the assessment of an independent actuary in accordance with the requirements of International Accounting Standard No. (19) "Employee Benefits" based on the actuarial methodology of the Projected Unit Credit Method.

All service costs are recognized as an expense. All actuarial gains and losses related to the defined benefit obligations are recognised in other comprehensive income.

#### **4-10 Share-based payments (Employee stock option program)**

The ultimate parent company of the group, Brainbees Solutions Private Limited, has granted certain employees the option to own shares in exchange for the services they provide (equity-settled share-based payments). Based on the terms of the employee stock option program, a portion of the granted options shall vest at the end of each specified period. Option vesting is conditional on the eligible employee remaining in the Company's employment during the vesting period. Vested options can be exercised within a specified period from the grant date.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date.

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to the equity reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting periods, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of stock options expected to vest differs from previous estimates. Any adjustment cumulative share-based compensation resulting from a revision is recognized in the current period. number of vested options ultimately exercised by holders does not impact the expense recorded in any period

#### **4-11 Income tax**

##### Income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax brackets and tax laws used in calculating the amount are those enacted or effective at the date of preparing the financial statements. The current income tax is recognized in the statement of profit or loss.

##### Deferred income tax

Deferred tax is calculated for temporary differences between the tax bases and the carrying amounts in the financial statements of assets and liabilities on the date of the financial statements. A deferred tax liability is recognized for all taxable temporary differences. Deferred tax assets are calculated for all deductible temporary differences, unused exemptions carried forward, and unused tax losses carried forward to the extent that it is probable that taxable profits will be available that can be used against those assets. The carrying amount of deferred tax assets/liabilities is reviewed on the date of preparing the financial statements and reduced to the extent that it is not likely that sufficient taxable profits will be available to allow the use of all or part of the deferred tax assets/liabilities. Deferred tax assets/liabilities that are not recognized at the date of preparing the financial statements are re-evaluated and recognized to the extent that it is likely that future taxable profits will result in recovering the deferred tax assets and paying the deferred tax liabilities.

Deferred tax assets and liabilities are measured using the tax brackets that are expected to apply during the year in which the assets are realized or the liabilities are settled, based on the tax brackets and tax regulations issued or effective at the date of preparing the financial statements.

Deferred tax assets and liabilities are offset when there is a legally binding right to settle current tax assets with current tax liabilities, and that deferred taxes relate to the same taxable entity and the same tax authority.

The Company's management has decided not to recognize any deferred tax assets as it is unable, based on reasonable assumptions, to estimate the probability and extent to which future taxable profit will be available to utilize any deferred tax assets in accordance with the requirements of IAS 12 - Income Taxes.





#### **4-12 Value added tax**

The value-added tax collected from customers is recorded as an obligation on the Company in favour of the Zakat, Tax and Customs Authority after offsetting the value-added tax paid by the Company on its purchases of goods and services. The liability is deducted if the Company makes tax payments.

#### **4-13 Statutory reserve**

According to the Company's Articles of Association, the Company waives set aside 10% of the annual net profit to create a statutory reserve. The owner of the capital may stop this set aside for the reserve when it reaches 30% of the capital.

#### **4-14 Transactions in foreign currencies**

Transactions in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the time of the relevant transactions. Assets and liabilities denominated in foreign currency at the statement of financial position date are translated into Saudi Riyals using the exchange rates prevailing on that date. Realized and unrealized translation differences of foreign currencies are recognized in the statement of profit or loss.

#### **4-15 Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities at the present value of the lease payments to be made during the term of the lease. Lease payments include fixed payments which includes payments that in substance are fixed lease payments) less lease incentives payable, variable lease payments that depend on agreed indexes or rates in accordance with the terms of the contract, and amounts expected to be collected under residual value guarantees. Lease payments also include the value due when the Company is reasonably certain to exercise the purchase option, and the value of penalties for terminating the lease if the Company intends to exercise this option in accordance with the terms of the lease contract.

Variable lease payments that do not depend on indexes or rates agreed upon in accordance with the terms of the contract are recognized as an expense in the period in which the event or condition that leads to the payment of those amounts occurs.

When calculating the present value of lease payments, the Company uses, for the purposes of discounting future lease payments, the borrowing rate at lease commencement if the interest rate implicit in the lease is not determinable. Subsequently, the lease liability is increased by the amount of accrued interest and reduced by the amount of actual lease payments. In addition, the carrying amount of lease liabilities is re-measured if there is any modification or change to the lease term, or when there is any change to the payments that are considered fixed lease payments, or when the assessment related to the purchase of the asset changes.

#### **4-16 Short-term leases and leases of low-value assets**

The Company applies the exemption related to the recognition of short-term leases to certain short-term leases (i.e. leases that have a term of 12 months or less from the commencement date and do not include an option to purchase the asset). The Company also applies the lease of low-value asset exemption to certain leases of assets that are considered to be of low-value. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

#### **4-17 Revenue recognition**

The revenue recognition policy defines one comprehensive model for accounting for revenue arising from contracts with customers, and the Company recognizes revenue from contracts with customers based on five steps as specified in IFRS 15:

##### **Step 1. Identify Customer:**

A contract is an agreement between two or more parties that establishes rights and obligations and sets standards that must be met for each contract.

##### **Step 2. Identify the separate performance obligations in the contract:**

A performance obligation is a promise in a contract with a customer to transfer goods or provide services to the customer.

##### **Step 3. Determine the transaction price:**

The transaction price is the amount of consideration the Company expects to receive in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties.

##### **Step 4. Allocate the transaction price to the performance obligations:**

In a contract that contains multiple performance obligations, the Company will allocate the transaction price to each performance obligation in an amount that represents the consideration the Company expects to receive in exchange for fulfilling that performance obligation.



**Step 5. Recognize revenue when (or as) the performance obligation is satisfied.**

A Company satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

- a. The Company's performance of the obligation does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.
- b. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c. The customer simultaneously receives or consumes the benefits as the performance takes place. For performance obligations where none of the above conditions are met, revenue is recognized when the performance obligation is satisfied.

Revenue from sales is recognized upon delivery of the goods by which the significant risks and rewards of the ownership of the goods are transferred to the buyer and the Company does not have effective control or continuing management involvement to the extent usually associated with ownership of the goods. Sales are recorded after deducting returns, trade discount and quantity discount.

**4-18 General and administrative expenses**

General and administrative expenses include expenses that are not directly related to the cost of revenues in accordance with international accounting standards. Expenses are allocated, if necessary, between general and administrative expenses and the cost of revenues on a consistent basis.



**Firstcry Trading Company**  
**(Single Member Foreign Limited Liability Company)**  
**Notes to the financial statements**  
*(All amounts in INR million, unless otherwise stated)*

**5 Property, Plant And Equipment**

This item consists of the following:

Particulars	Furniture and fixtures	Machinery, Equipment and tools	Computers	Leasehold improvements	Total	Intangible Assets
<b>Cost</b>						
Balance as at January 01, 2022	-	-	-	-	-	
Additions during the year	12.81	9.98	6.32	4.37	33.48	1.39
Effects of changes in foreign currency	0.69	0.54	0.34	0.24	1.81	0.07
<b>Balance as at December 31, 2022</b>	<b>13.50</b>	<b>10.52</b>	<b>6.66</b>	<b>4.61</b>	<b>35.29</b>	<b>1.46</b>
Balance as at January 01, 2023	13.50	10.52	6.66	4.61	35.29	1.46
Additions during the year	1.34	13.69	2.47	-	17.50	0.33
Effects of changes in foreign currency	0.08	0.14	0.05	0.02	0.30	0.01
<b>Balance as at December 31, 2023</b>	<b>14.91</b>	<b>24.35</b>	<b>9.18</b>	<b>4.63</b>	<b>53.08</b>	<b>1.80</b>
<b>Accumulated depreciation</b>						
<b>Balance as at January 01, 2022</b>	-	-	-	-	-	-
Additions during the year	2.38	1.26	0.80	1.78	6.22	0.05
Effects of changes in foreign currency	0.13	0.06	0.04	0.10	0.33	-
<b>Balance as at December 31, 2022</b>	<b>2.51</b>	<b>1.32</b>	<b>0.84</b>	<b>1.88</b>	<b>6.55</b>	<b>0.05</b>
<b>Balance as at January 01, 2023</b>	2.51	1.32	0.84	1.88	6.55	0.05
Additions during the year	4.30	3.68	1.62	2.52	12.12	0.34
Effects of changes in foreign currency	0.04	0.03	0.01	0.03	0.11	0.00
<b>Balance as at December 31, 2023</b>	<b>6.85</b>	<b>5.04</b>	<b>2.47</b>	<b>4.42</b>	<b>18.78</b>	<b>0.40</b>
<b>Carrying amount</b>						
<b>As at December 31, 2023</b>	<b>8.06</b>	<b>19.32</b>	<b>6.71</b>	<b>0.22</b>	<b>34.30</b>	<b>1.40</b>
As at December 31, 2022	10.99	9.20	5.82	2.73	28.74	1.41
As at December 31, 2021	-	-	-	-	-	-



**Firstery Trading Company**  
**(Single Member Foreign Limited Liability Company)**  
**Notes to the financial statements**  
*(All amounts in INR million, unless otherwise stated)*

**6 Right-of-use assets and lease liabilities**

A. The following are the carrying amounts of the right-of-use assets and the movement that occurred during the year:

Particulars	Warehouses	Office	Total
<b>Cost</b>			
Balance as at January 01, 2022	-	-	-
Additions during the year	98.20	9.84	108.04
Effects of changes in foreign currency	5.26	0.53	5.79
Balance as at December 31, 2022	103.46	10.37	113.83
Balance as at January 01, 2023	103.47	10.37	113.83
Additions during the year	146.77	-	146.77
Effects of changes in foreign currency	1.46	0.05	1.52
Balance as at December 31, 2023	251.70	10.42	262.12
<b>Accumulated depreciation</b>			
Balance as at January 01, 2022	-	-	-
Additions during the year	47.62	3.69	51.31
Effects of changes in foreign currency	2.55	0.20	2.75
Balance as at December 31, 2022	50.17	3.89	54.06
Balance as at January 01, 2023	50.17	3.89	54.06
Additions during the year	60.68	5.18	65.86
Effects of changes in foreign currency	0.64	0.05	0.70
Balance as at December 31, 2023	111.49	9.12	120.61
<b>Carrying amount</b>			
As at December 31, 2023	140.21	1.30	141.51
as at December 31, 2022	53.29	6.48	59.77
as at December 31, 2021	-	-	-

B. The following are the carrying amounts of lease liabilities and the movement that occurred during the year :

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Balance as at January 01</b>	55.25	-	-
Additions during the year	146.77	108.05	-
Interest accrued during the year	1.93	2.13	-
Payments during the year	(124.06)	(57.74)	-
Effects of changes in foreign currency	0.45	2.81	-
<b>Balance as at December 31</b>	80.33	55.25	-

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Lease liabilities - current portion	80.33	48.22	-
Lease liabilities - non - current portion	-	7.03	-

C. The following are the amounts included in the profit and loss:

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Depreciation expense of the right-of-use assets	65.86	51.31	-
Interest expense on lease liabilities	1.93	2.13	-
<b>Total Amount included in profit or loss</b>	67.78	53.44	-

**7. Income tax**

A. The following is a summary of Income tax calculation :

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Loss for the year before tax	(1,300.76)	(542.88)	-
Adjustments for the loss for the year before tax	58.48	10.46	-
<b>The tax base is negative, and the Company is not subject to tax</b>	(1,242.28)	(532.42)	-

B. The financial statements and tax returns were submitted until December 31, 2022. The company received a certificate but did not have a tax assessment from the Zakat, Tax and Custom Authority.



**8 Inventory**

Particulars	As at December 31, 2023	As at December 31, 2022 (Restated)	As at December 31, 2021
Goods on hand	532.18	381.24	-
Goods in transit	28.74	7.38	-
<b>Total</b>	<b>560.92</b>	<b>388.62</b>	<b>-</b>

**9 Trade receivables and other debit balances**

This item consists of the following:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Refundable VAT	-	30.31	0.66
Trade receivables	28.94	13.15	-
Advances to suppliers	31.48	11.63	-
Prepaid expenses	16.11	5.95	4.83
Refundable deposits	2.60	2.58	2.08
Employee receivables	1.25	2.15	-
Other debit balances	-	4.48	-
<b>Total</b>	<b>80.37</b>	<b>70.27</b>	<b>7.58</b>

**10 Cash and cash equivalents**

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Cash at banks	255.45	1415.71	575.90
Petty cash imprest	0.11	0.19	0.00
<b>Total</b>	<b>255.56</b>	<b>1415.90</b>	<b>575.90</b>

**11 Share capital**

A) The Company's capital is SAR 100,000,000, divided into 1,000 cash shares of equal value, the value of each share is SAR 100,000, wholly owned by Firstcry Management DWC LLC by 100%.

Owner	Number of cash shares	Share value	Total share value
Firstcry Management DWC LLC	1,000	1,00,000	10,00,00,000

B) According to the amended Articles of Association dated 6<sup>th</sup> I/ 1444 AH corresponding to 4/8/2022 AD, the Company increased its capital from SR 30,000,000 to SR 100,000,000, and increased the share value from SR 30,000 to SR 100,000. The relevant legal procedures have been completed.

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Firstcry Management DWC LLC	2,052.86	2,052.86	590.12

**12 Employee stock option program**

The ultimate parent company of the group, Brainbees Solutions Private Limited, has granted certain employees the option to own shares in exchange for the services they provide (equity-settled share-based payments). Based on the terms of the employee stock option program, 25% of the granted options shall vest at the end of each year for four years from the grant date. Option vesting is conditional on the eligible employee remaining in the Company's employment during the vesting period. Vested options can be exercised within ten years from the grant date.

The fair value of the option on the grant date was determined using the (Modified Black-Scholes) pricing model by an expert appointed by the management of the group's ultimate parent company, Brainbees Solutions Private Limited, taking into account the terms and conditions upon which the stock options were granted. Inputs to the used model include:

Share price on the grant date (per share)	SR 22.27
Option exercise price on the grant date (per option)	SR 0.09
Annual volatility rate	52.19%
Risk-free interest rate	7.16%
Expected life of share options	3 years
Expected option forfeiture rate	0%
Expected dividend yield rate	0%
Fair value of the option on the grant date (per option)	SR22.19

The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility is determined by referring to the average expected volatility of comparable companies, which was adjusted accordingly to suit the circumstances of the group's ultimate parent company, Brainbees Solutions Private Limited.

The table below shows the number of stock options and the movement therein during the year.

Employee Stock Option Program	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Stock option outstanding at the beginning of the year	-	-	-
Stock option granted during the year	2,11,540	-	-
Stock option forfeited during the year	(12,696)	-	-
Stock option exercised during the year	-	-	-
Stock option expired during the year	-	-	-
Effects of changes in foreign currency	-	-	-
<b>Stock option outstanding the end the year</b>	<b>1,98,844</b>	<b>-</b>	<b>-</b>

The cost of the employee stock option program reserve (equity-settled share-based payments) is recognized as an expense in profit or loss with a corresponding credit to the equity reserve. The table below shows the movement of the employee stock option program reserve:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Balance at the beginning of the year	-	-	-
Addition during the year	37.44	-	-
Effects of changes in foreign currency	0.23	-	-
<b>Balance at the end of the year</b>	<b>37.67</b>	<b>-</b>	<b>-</b>

### 13 Employee benefit obligations

A) The Company administers the end-of-service benefits plan in accordance with the Labor Law in the Kingdom of Saudi Arabia. A provision is created for the benefit plan based on actuarial recommendations, whereby an evaluation of the present value of employee benefit obligations is calculated by an independent actuarial expert. The movement of the employee benefit obligations during the year is as follows:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Balance as at January 01,	6.46	0.51	-
Current service cost during the year	8.66	5.21	0.51
Interest cost during the year	0.36	0.03	-
Payments during the year	(0.39)	-	-
Actuarial loss during the year	(2.04)	0.35	-
Effects of changes in foreign currency	0.08	0.36	0.00
<b>Balance as at December 31</b>	<b>13.12</b>	<b>6.46</b>	<b>0.51</b>

B) The table below summarizes the significant assumptions used in determining employee benefit obligations:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Discount rate	5.50%	5.61%	2.75%
Employees' turnover rate	24.0%	7.5%	10%
Salary increases rate	5%	3%	2.75%
Retirement age	60 years old	60 years old	60 years old

### C) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, While holding the other assumptions constant, could have affected employee benefit obligations by the amounts shown below:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
<b>Discount percentage</b>			
1% increase	(11.37)	(5.73)	(0.48)
1% decrease	15.40	7.36	0.55
<b>Long term salary increases</b>			
1% increase	15.80	7.36	0.55
1% decrease	(11.36)	(5.73)	(0.48)

### 14 Trade payables and other credit balances

This item consists of the following:

Particulars	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Trade payables	164.56	81.29	-
Other payables	94.76	71.88	-
Accrued expenses	10.26	14.12	2.26
Advances from customers	27.83	6.88	-
Accrued bonuses	6.84	6.19	-
Accrued vacations	11.50	5.76	-
Accrued VAT	2.15	-	-
Employee Payable	0.03	-	-
Other credit balances	2.61	0.79	0.03
<b>Total</b>	<b>320.53</b>	<b>186.91</b>	<b>2.29</b>

### 15 Related parties

Related parties include the owner and senior management personnel of the Company, and the entities these parties own, manage, control or exercise significant influence over, as well as the entities that control or exercise significant influence over these parties. The following are the related party balances as at December 31:

#### Due to related parties

Related party	Relationship	Nature of transactions	2023	2022	2021
Firstcry General Trading LLC	Sister company	Commercial	58.57	7.00	-
Brainbees Solutions Private Limited	Ultimate parent	Commercial	247.36	94.30	-
<b>Total</b>			<b>305.94</b>	<b>101.29</b>	<b>0.00</b>

#### Transactions with related parties

The significant transactions that took place with related parties, which are included in the statement of profit or loss during the financial year, are as follows:

#### Purchases



Related Party	Relationship	Nature of transactions	2023	2022	2021
Firstery General Trading LLC	Sister company	Purchases	43.86	33.39	-
Firstery General Trading LLC	Sister company	Expenses paid on behalf	0.27	1.44	-
Firstery General Trading LLC	Sister company	Collection on behalf	58.91	4.35	-
Brainbees Solutions Private Limited	Ultimate parent	Purchases	150.05	74.39	-
Brainbees Solutions Private Limited	Ultimate parent	Management charges	73.44	43.97	-
Brainbees Solutions Private Limited	Ultimate parent	Royalty fees	39.52	-	-
Firstery Retail DWC LLC	Sister company	Purchases	10.51	-	-
Firstery Retail DWC LLC	Sister company	Expenses paid on behalf	0.28	-	-

**Compensation of key management personnel**

The compensation of key management personnel is those amounts paid to persons who have the authority, responsibility, direction and control of the activities of the Company directly or indirectly, including any manager whether executive or otherwise. The compensation is as follows:

Particulars	2023	2022	2021
Salaries and Allowances	45.77	7.86	0.23
Bonuses	4.55	1.06	-
Employee stock ownership plan	17.44	-	-
<b>Total</b>	<b>67.75</b>	<b>8.92</b>	<b>0.23</b>

**16 Revenues**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Sales	1,658.43	166.98	-
Delivery fees	4.51	-	-
	<b>1,662.94</b>	<b>166.98</b>	<b>-</b>

**17 Cost of revenues**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost of sales	1,332.11	159.27	-
Operating expenses (note 18)	517.64	242.49	-
	<b>1,849.75</b>	<b>401.77</b>	<b>-</b>

**18 Operating Expenses**

**A) This item consists of the following:**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Employees' salaries and allowances	166.39	85.23	-
Depreciation of right-of-use assets	60.68	47.62	-
External manpower wages	85.44	30.23	-
Governmental fees	9.45	8.38	-
Security	13.88	5.68	-
Information technology service	56.70	27.65	-
Royalty fees	39.52	0.00	-
Cost of employee stock option program	24.29	0.00	-
Telephone, post, electricity & water	4.54	0.16	-
Property Insurance	2.32	0.41	-
Translation	0.00	5.37	-
Iqama and labor cards	6.09	4.80	-
Depreciation of property and equipment	9.19	4.70	-
Current service cost of employee benefit obligation	7.23	4.08	-
Employees' bonuses	7.54	4.06	-
Medical insurance	6.33	2.98	-
Rent	9.72	2.70	-
Social security	4.53	2.11	-
Finance costs	1.84	1.94	-
Miscellaneous expenses	1.96	4.39	-
<b>Total</b>	<b>517.64</b>	<b>242.49</b>	<b>0.00</b>

B) Brainbees Solutions Private Limited (the ultimate parent company of the group) and Firstery Trading Company signed a royalty agreement granting the right to Firstery Trading Company to se and customize the electronic platforms (website and phone application) and use the brand name to carry out its business operations in the Kingdom of Saudi Arabia. Based on this agreement, Firstery Trading Company will bear a royalty fee of 2.7% of the net sales to third parties and third-party promotion and marketing income starting from April 1, 2023.

**19 Selling and marketing expenses**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Advertising and promotion	831.99	227.79	-
Shipping and courier	199.71	22.07	-
Collection from customers charges	39.98	3.14	-
<b>Total</b>	<b>1071.68</b>	<b>253.00</b>	<b>-</b>



**20 General and administrative expenses**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Employees' salaries and allowances	31.69	23.62	5.83
Professional and legal fees	8.85	6.11	3.06
Cost of employee stock option program	13.14	0.00	0.00
Withholding tax	8.26	0.00	0.00
Travel expenses	3.08	0.00	1.50
Depreciation of right-of-use assets	5.18	3.69	0.00
Hospitality and cleanliness	1.43	3.31	0.13
Employees' recruitment expenses	2.13	2.82	0.00
Employees' bonuses	2.08	2.57	0.71
Telephone, post, electricity and water	0.89	2.18	0.08
Governmental fees	2.38	1.68	0.00
Depreciation of property and equipment and amortization of intangible assets	3.27	1.57	0.00
Banking Expenses	2.45	1.46	0.06
Rent	1.13	1.40	0.00
Iqama and labor cards	1.16	1.33	0.00
Current service cost of employee benefit obligations	1.43	1.13	0.51
Foreign currency exchange adjustments	1.67	1.00	0.00
Medical insurance	1.25	0.83	0.03
Social insurance	0.82	0.58	0.41
Finance costs	0.44	0.22	0.00
Miscellaneous expenses	1.86	2.36	0.00
<b>Total</b>	<b>94.61</b>	<b>57.86</b>	<b>12.33</b>

**21 Other income**

**A) This item consists of the following:**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Marketing and promotion on the Company's platforms income	23.52	0.00	-
Interest Income on bank deposit (Note 22-B)	16.86	0.00	-
Governmental grants	11.51	2.61	-
Scrap sales	0.40	0.14	-
Others	0.05	0.02	-
	<b>52.33</b>	<b>2.77</b>	<b>-</b>

B) On February 12, 2023, the Company deposited SR 30,000,000 as a time deposit for 6 months at a fixed annual interest rate of 5.18% at a local bank.





## 22 Commitments and contingent liabilities

### Contingencies

There were no contingencies as per as at December 31, 2023, 2022 & 2021

### Commitments

The company has signed four non-cancellable operating leases for offices and warehouse space against the minimum lease payments amounting to SAR 4.3 million Starting from 1 January 2022 to 13 April 2022. The leases commitments are for the period 1 to 3 years with option to renew at the end of lease term. However, as at reporting date, underlying assets under lease commitment are not available for use.

Following are the year-wise commitment details-

Particulars	2023	2022	2021
Upto one year	-	-	47.97
One to two years	-	-	37.37
More than two years	-	-	1.41
	-	-	<b>86.76</b>

## 23 Financial instruments and risk management

### Fair value measurement of the financial instruments

Financial instruments include financial assets and financial liabilities. Fair value is the price that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date. As such, differences can arise between carrying values and fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

Assets and liabilities measured at fair value in the statement Of financial position are grouped into three levels of the fair value hierarchy. This grouping is determined based on the lowest level of significant input used in the fair value measurement, as follows:

- Level I : Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (e.g. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs of the asset or liability for the asset or liability that are not based on observable market data (unobservable inputs).

No financial assets or liabilities have been valued at fair value as at December 31, 2023 and December 31, 2022. Management believes that the carrying amounts of the financial assets and liabilities reasonably approximate their fair values.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances, trade receivables and some other current assets as follows:

Particulars	For the year ended December 31, 2022	For the year ended December 31, 2022	For the year ended December 31, 2021
Cash and cash equivalents	255.56	1,415.90	575.90
Trade receivables	28.94	13.15	-
Refundable deposits	2.60	2.58	2.08
Employee receivable	1.25	2.15	-
<b>Total</b>	<b>288.35</b>	<b>1,433.79</b>	<b>577.98</b>

Cash and cash equivalents are deposited with local and international banks with high credit ratings. The Company applies the simplified approach of IFRS 9 to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. TO measure expected credit losses, trade receivables are grouped on the basis of common credit risk characteristics and the days they are past due. Historical loss rates are adjusted to reflect current information affecting customers' ability to settle receivables. The Company manages the credit risk related to the amounts due from customers through monitoring method in accordance with the specified policies and procedures. The Company limits credit risks related to customers by setting credit limits for each customer and monitoring outstanding receivables on an ongoing basis. The carrying amount of financial assets represents the maximum exposure to credit risk. Management does not believe that the credit risk is significant.

**Firstery Trading Company**  
**(Single Member Foreign Limited Liability Company)**  
**Notes to the financial statements**  
*(All amounts in INR million, unless otherwise stated)*

**Liquidity risk**

It is the risk represented by the Company's exposure to difficulties in obtaining the financing necessary to fulfil obligations related to financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly at an amount approximate its fair value.

The following are the contractual maturities of the financial liabilities at the end of the financial year:

Particulars	On demand or less than one year	More than one year	Total
<b><u>As at December 31, 2023</u></b>			
Lease liabilities	80.33	-	80.33
Due to related parties	305.94	-	305.94
Trade payables	164.56	-	164.56
Other payables	94.76	-	94.76
Accrued expenses	10.26	-	10.26
Accrued bonuses	6.84	-	6.84
Accrued VAT	2.15	-	2.15
Employee Payable	0.03	-	0.03
<b><u>As at December 31, 2022</u></b>			
Lease liabilities	48.22	7.03	55.25
Due to related parties	101.29	-	101.29
Trade payables	81.29	-	81.29
Other payables	71.88	-	71.88
Accrued expenses	14.12	-	14.12
Accrued bonuses	6.19	-	6.19
<b><u>As at December 31, 2021</u></b>			
Accrued expenses	2.26	-	2.26

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the Company's future obligations.

**Currency risk**

currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the Company's currency. The Company's exposure to foreign currency risk is mainly limited to transactions in US Dollars, Euros and UAE Dirhams.

Management constantly monitors fluctuations in currency exchange rates and records its effects, if any, in the financial statements, and it believes that the Company is not significantly exposed to the risk of exchange rate fluctuations because the official functional currency of the Company is the Saudi Riyal and most transactions are currently made using the Saudi Riyal or the US dollar, which has a fixed exchange rate against the Saudi riyal.

**24 Capital management policies and procedures**

The Company's management manages the capital structure with the aim of preserving the owner's rights, ensuring the continuity of the Company and fulfilling its obligations towards others, by investing the Company's assets in a way that provides an acceptable return to the owner and by achieving the optimal balance between equity and liabilities.

**25 Subsequent events**

According to the Company's Articles of Association amended on 3/8/1445 (H) corresponding to 13/2/2024 (G), the Company increased its capital from SR to SR and increased the number of the shares from 1,000 cash shares to 1,600 cash shares. The legal procedures for this have been completed.

Except for what is mentioned above, there have been no significant-subsequent events since-the year ended on December 31, 2023, that may have a material impact requiring adjustment or disclosure in these financial statements.

**26 Approval of the financial statements**

The financial statements for the year ended on December 31, 2023 were approved by the managers of the Company on 15 Shawwal 1445 (H), corresponding to 24 April 2024 (G).

**27 Restatement of issued Financial statement**

The management of company restated the financial statement for the year ended on December 31, 2022, with regards to the correction of the error below :



**Firstery Trading Company**  
**(Single Member Foreign Limited Liability Company)**

**Notes to the financial statements**

*(All amounts in INR million, unless otherwise stated)*

A) The company management has recognized management charges related to the fiscal year 2022 for the information technology support service (Note 19) & digital market support service (Note 20) that were previously not recognised, and has also recognized the corresponding obligation to the related party Brainbees Solutions Pvt. Ltd. (the ultimate parent co of the group) (Note 15) that provided these services.

B) The co. management has decided, based on its revised statement, to reversed the deferred tax asset & deferred tax benefit previously recognised in the 2022 financial statement, since it is unable, based on reasonable assumption, to estimate the probability and extent to which future taxable profit will be available to utilised any deferred tax assets as per the requirement of IAS 12- of Income taxes.

The effect of the restatement on the financial statements for the year ended on December 31, 2022 is as follows:

	For the year ended on December 31, 2022		
	As previously reported Debit/ (Credit)	Effect of restatement Debit/ (Credit)	As restated Debit/ (Credit)
<b>Statement of financial position</b>			
Deferred tax assets	107.08	(107.08)	-
Due to related parties	(54.97)	(46.33)	(101.29)
Accumulated losses	410.07	145.61	555.68
<b>Statement of profit &amp; loss and Other comprehensive income</b>			
Deferred tax benefit	(101.64)	101.64	-
Cost of revenue	374.35	27.41	401.77
Selling & Marketing expenses	236.44	16.56	253.00

**For Bansal & Co LLP**

**Firm Regn. No. 001113N/N500079**

**Chartered Accountants**



**Kapil Mittal**

Partner

Membership No.: 502221



Place: New Delhi

Date: 23-07-2024

**For Firstery Trading Company**



**Mr. Abhinav Sharma**

Manager

Dubai, UAE