

Registered number: 10998363

ENGINEER.AI GLOBAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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ENGINEER.AI GLOBAL LIMITED

COMPANY INFORMATION

Director	Sachin Dev Duggal
Registered number	10998363
Registered office	c/o PKF Littlejohn 15 Westferry Circus Canary Wharf London E14 4HD
Independent auditor	PKF Littlejohn LLP Statutory auditor 15 Westferry Circus Canary Wharf London E14 4HD

ENGINEER.AI GLOBAL LIMITED

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ENGINEER.AI GLOBAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Overview

Builder.ai has experienced significant growth and development over the past fiscal year, marked by notable achievements in product launches, revenue growth, and strategic partnerships. The company has successfully navigated the evolving landscape of digital transformation, continuing to innovate and expand its market presence.

Business Development and Performance

Throughout the financial year, Builder.ai has more than doubled its net revenue, reflecting the company's commitment to enhancing its product offerings and expanding its customer base. The introduction of new products, such as Studio One, and significant upgrades to the customer dashboard and internal systems, have contributed to this performance. Builder.ai has maintained strong unit economics with gross margins remaining well above budget. This has been achieved through the implementation of reusable features, lower licensing costs, and the addition of Builder Care to projects. The company has also embedded AI into various aspects of its operations, improving efficiency and customer interaction.

Market and Customer Engagement

The company has seen a diversification in its bookings regional mix, with significant momentum in Europe, the Middle East, Asia (EMEA), and the Americas. EMEA, driven by the Middle East, has particularly shown strong performance.

Customer acquisition has also been a highlight, with record numbers of leads generated through major industry events. The company has acquired several significant clients across various sectors, enhancing its market position.

Strategic Partnerships and Product Innovation

Builder.ai has entered a new phase of partnership with a leading technology company, along with launching a collaboration with a major telecom provider in the UAE, enabling customers to interact with the company in retail spaces. The company's product development has been robust, with advancements such as the development of Generative DLS and Building Blocks v3, leading to improved gross margins and cash flow.

Future Outlook

Builder.ai aims to continue its growth trajectory by building a sustainable organization capable of long-term success. Key areas of focus include expanding the US market, enhancing AI capabilities, and further leveraging strategic partnerships.

Principal risks and uncertainties

The primary risks facing Builder.ai include the rapid pace of technological change, the competitive landscape of the software industry, and the global shortage of developers. The company mitigates these risks through continuous innovation, strategic hiring, and maintaining strong partnerships.

Key Performance Indicators (KPIs)

- Revenue Growth: Achieved over 100% growth in net revenue from £10,557,097 to £23,169,944.
- Gross Margins: Remained well above budget.
- Customer Acquisition: Record leads and new significant clients.
- Product Development: Introduction of new features and systems, enhancing customer value and operational efficiency.

ENGINEER.AI GLOBAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board and signed on its behalf.



Sachin Dev Duggal
Director

Date: 02/08/2024

ENGINEER.AI GLOBAL LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Director presents his report and the audited financial statements for the year ended 31 March 2023.

Principal activity

During the year the principal activity of the company was the provision of information technology service activities.

Results and dividends

The loss for the year, after taxation, amounted to £15,230,796 (2022 - loss £4,133,277).

During the year ended March 31, 2023, the Company had earned revenue of £23.17 million as compared to £10.56 million in the preceding year 2022. The net loss of the Company has increased mainly on account of following:

- Investment in acquisition of talent and increased R&D resulted in increased employee costs with some of it resulting in increased intangibles;
- Increased marketing activities to increase revenue and for the promotion and development of the brand;

The Directors do not recommend the payment of a dividend.

Director

The Director who served during the year was:

Sachin Dev Duggal

Future developments

Builder.ai plans to focus on expanding its presence in the US market, leveraging AI technology to enhance product offerings, and solidifying strategic partnerships to drive growth.

Engagement with employees

The company hired over 176 employees during the fiscal year, emphasizing the importance of talent in achieving its strategic goals. Employee engagement and development remain a priority.

Engagement with suppliers, customers and others

Builder.ai maintains strong relationships with its suppliers and customers, focusing on delivering high-quality products and services. The company actively engages with stakeholders to ensure mutual success and satisfaction.

Research and development

Builder.ai continues to invest in R&D to drive innovation and maintain its competitive edge. Recent developments include advancements in AI integration and product enhancements like Studio One and Building Blocks v3.

Director's Confirmation

The director confirms that he has complied with his duty to promote the success of the company, considering the long-term impact of decisions, interests of employees, and the need to foster business relationships. This strategic report and directors' report are prepared in accordance with the requirements for submission to the UK Companies House. The content has been tailored to highlight the company's achievements and strategic direction while maintaining a neutral and factual tone suitable for public dissemination.

ENGINEER.AI GLOBAL LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Branches outside the United Kingdom

The company has one branch outside the United Kingdom, which is based in Dubai.

Disclosure of information to auditor

The Director at the time when this Director's Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent Auditor

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Sachin Dev Duggal
Director

Date: 02/08/2024

ENGINEER.AI GLOBAL LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The Director is responsible for preparing the Strategic Report, the Director's Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare audited financial statements for each financial year. Under that law the Director has elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the audited financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the Director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ENGINEER.AI GLOBAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINEER.AI GLOBAL LIMITED

Opinion

We have audited the financial statements of Engineer.ai Global Limited (the 'company') for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINEER.AI GLOBAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Director

As explained more fully in the Director's Responsibilities Statement, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from Companies Act 2006, FRS 102 and UK employment and tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to: enquiries of management and review of legal expenditure.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of fraud related to revenue recognition.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves

ENGINEER.AI GLOBAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINEER.AI GLOBAL LIMITED

intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Goldwin (Senior statutory auditor)

for and on behalf of

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 2 August 2024

ENGINEER.AI GLOBAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	23,169,944	10,557,097
Cost of sales		(14,872,671)	(5,648,213)
Gross profit		8,297,273	4,908,884
Administrative expenses		(24,920,920)	(9,028,443)
Operating loss		(16,623,647)	(4,119,559)
Interest payable and similar expenses	7	(750)	(13,718)
Loss before tax		(16,624,397)	(4,133,277)
Tax on loss	8	1,393,601	-
Loss for the financial year		(15,230,796)	(4,133,277)
Other comprehensive income for the year			
Currency translation differences		65,945	(23,389)
Other comprehensive income for the year		65,945	(23,389)
Total comprehensive income for the year		(15,164,851)	(4,156,666)

The notes on pages 15 to 29 form part of these financial statements.

ENGINEER.AI GLOBAL LIMITED
REGISTERED NUMBER: 10998363

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible fixed assets	9	42,286,426	9,173,006
Tangible assets	10	200,351	20,112
Investments	11	757,699	749,206
		<u>43,244,476</u>	<u>9,942,324</u>
Current assets			
Debtors: amounts falling due within one year	12	11,260,332	14,140,967
Bank and cash balances		5,024,295	771,464
		<u>16,284,627</u>	<u>14,912,431</u>
Creditors: amounts falling due within one year	13	(78,355,780)	(29,217,745)
Net current liabilities		<u>(62,071,153)</u>	<u>(14,305,314)</u>
Total assets less current liabilities		<u>(18,826,677)</u>	<u>(4,362,990)</u>
Net liabilities		<u>(18,826,677)</u>	<u>(4,362,990)</u>
Capital and reserves			
Called up share capital	15	100	100
Foreign exchange reserve		40,039	(25,906)
Capital contribution reserve		1,677,083	975,919
Profit and loss account		(20,543,899)	(5,313,103)
		<u>(18,826,677)</u>	<u>(4,362,990)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Sachin Dev Duggal
Director

Date: 02/08/2024

The notes on pages 15 to 29 form part of these financial statements.

ENGINEER.AI GLOBAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Foreign exchange reserve £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2021	100	(2,517)	600,006	(1,179,826)	(582,237)
Comprehensive income for the year					
Loss for the year	-	-	-	(4,133,277)	(4,133,277)
Currency translation differences	-	(23,389)	-	-	(23,389)
Share options exercised	-	-	375,913	-	375,913
At 1 April 2022	100	(25,906)	975,919	(5,313,103)	(4,362,990)
Comprehensive income for the year					
Loss for the year	-	-	-	(15,230,796)	(15,230,796)
Currency translation differences	-	65,945	-	-	65,945
Share options exercised	-	-	701,164	-	701,164
At 31 March 2023	100	40,039	1,677,083	(20,543,899)	(18,826,677)

The notes on pages 15 to 29 form part of these financial statements.

ENGINEER.AI GLOBAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(15,230,796)	(4,133,277)
Adjustments for:		
Amortisation of intangible assets	2,750,922	471,168
Impairment of intangible assets	-	118,385
Depreciation of tangible assets	19,284	1,786
Interest paid	750	13,718
Taxation charge	(1,393,601)	-
(Increase) in debtors	(1,902,650)	(2,985,389)
Decrease/(increase) in amounts owed by groups	5,755,700	(790,229)
Increase/(decrease) in creditors	2,749,772	(301,805)
Increase in amounts owed to groups	46,388,263	18,395,661
(Decrease) in provisions	-	(804,344)
Corporation tax received	421,186	-
Foreign exchange movements	65,945	(23,389)
Share-based payment charge	701,164	375,913
Net cash generated from operating activities	40,325,939	10,338,198
Cash flows from investing activities		
Additions to intangible assets - internally developed	(22,886,963)	(9,644,174)
Purchase of tangible fixed assets	(199,523)	(21,318)
Purchase of fixed asset investments	(8,493)	(71)
Foreign exchange movements	-	(5,413)
Intangible assets acquired from a subsidiary	(12,977,379)	-
Net cash from investing activities	(36,072,358)	(9,670,976)
Cash flows from financing activities		
Interest paid	(750)	(13,718)
Net cash used in financing activities	(750)	(13,718)
Net increase in cash and cash equivalents	4,252,831	653,504
Cash and cash equivalents at beginning of year	771,464	117,960
Cash and cash equivalents at the end of year	5,024,295	771,464
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,024,295	771,464
	5,024,295	771,464

ENGINEER.AI GLOBAL LIMITED

The notes on pages 15 to 29 form part of these financial statements.

ENGINEER.AI GLOBAL LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	771,464	4,252,831	5,024,295
	<u>771,464</u>	<u>4,252,831</u>	<u>5,024,295</u>

The notes on pages 15 to 29 form part of these financial statements.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Engineer.AI Global Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is c/o PKF Littlejohn, 15 Westferry Circus, Canary Wharf, London, E14 4HD.

The financial statements are presented in sterling which is the functional currency of the Company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

As at 31 March 2023 the Company incurred a loss for the year of £15,230,796 (2022: £4,133,277) and had net liabilities of £18,826,677 (2022: £4,362,990). The Company counts on the continued financial support of its parent undertaking and accordingly the director is of the opinion that adequate cash resources will be available to cover the Company's requirements for working capital for the next twelve months and for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Intangible assets - development costs

Development costs relate to expenditure on the development of the Builder platform and building blocks.

Development costs incurred on the project are capitalised when all of the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the product include any employee costs directly related to the development of the asset and appropriate expenditure which directly furthers the development of the project.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The development costs are amortised based on assumptions using a straight-line method over the expected useful life of the project of five years.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. There are no cash equivalents.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Share-based payments

Certain employees of the Company along with other group employees have been granted options over shares in Engineer.ai Corp. The options are granted with a fixed exercise price and are exercisable over a four year period from the date of the grant, subject to certain conditions set out in the Letter of Grant.

The Company recognises an equity-settled share based payment expense in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Critical accounting judgements and estimation uncertainty

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 concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Carrying value of intangible assets

At 31 March 2023, the Company held intangible assets of £42,286,426 (2022: £9,173,006). The carrying value of intangible assets are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. In making this judgement, management considers the indicators of impairment in the intangible assets accounting policies set out above. The project is also amortised on a straight line basis using an assumption of the five year useful economic life.

Capitalisation of development costs

Included within Intangible Assets are costs capitalised in connection with the Company's platform and building blocks. These costs are based on management's view of employees' time spent on the projects and considering the requirements of IAS 38 "Intangible Assets". Management base a project's commerciality on when revenues can be generated from the platform's internally generated software. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. Impairment tests are based upon future cash flow forecasts and involve management's judgement in relation to the software. Future events could cause the assumptions to change and therefore could impact the future results of the Company. The key estimates involved are surrounding the total man hours per development project and the projected revenues and profitability expected to arise as a result of the developments to the platform resulting in economic benefit (see Note 9).

Bad debt provision

During the year the company identified balances outstanding in trade receivables at 31 March 2023 that required a bad debt provision. The balances outstanding at 31 March 2023 were reviewed on a line by line basis for potential recoverability by management, and historical recoverability data was used to assess the likelihood of receiving the outstanding balances from those customers where there was an element of doubt over recoverability.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Platform Marketplace	3,033,280	1,685,740
Builder Studio	20,136,664	8,871,357
	<u>23,169,944</u>	<u>10,557,097</u>

All turnover arose mainly in the United Kingdom, UAE, India, Singapore and Netherlands.

ENGINEER.AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	85,000	32,025

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

6. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	10,554,327	3,266,274
Social security costs	783,525	620,755
Share based payments	701,164	375,913
	<u>12,039,016</u>	<u>4,262,942</u>

The average monthly number of employees, including directors, during the year was 176 (2022 - 69).

7. Interest payable and similar expenses

	2023 £	2022 £
Other interest payable	750	13,718
	<u>750</u>	<u>13,718</u>

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Taxation

	2023 £	2022 £
Corporation tax		
Adjustments in respect of previous periods	(1,393,601)	-
	<u>(1,393,601)</u>	<u>-</u>
Total current tax	<u>(1,393,601)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Total tax	<u>(1,393,601)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	<u>(16,624,397)</u>	<u>(4,133,277)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(3,158,635)	(785,323)
Effects of:		
Expenses not deductible for tax purposes	134,492	27,926
Fixed asset differences	199,166	-
Group relief	-	1,889,075
Adjustments to tax charge in respect of previous periods	(1,393,601)	(828,635)
Movement in deferred tax not recognised	2,824,977	(303,043)
Total tax charge for the year	<u>(1,393,601)</u>	<u>-</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Intangible assets

	Development expenditure £
Cost	
At 1 April 2022	9,762,559
Additions	22,886,963
Acquired during the year from a subsidiary	22,270,026
	<hr/>
At 31 March 2023	54,919,548
	<hr/>
Amortisation	
At 1 April 2022	589,553
Charge for the year on owned assets	2,750,922
Amortisation on assets acquired from a subsidiary	9,292,647
	<hr/>
At 31 March 2023	12,633,122
	<hr/>
Net book value	
At 31 March 2023	42,286,426
	<hr/> <hr/>
At 31 March 2022	9,173,006
	<hr/> <hr/>

ENGINEER.AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 April 2022	22,127
Additions	199,523
At 31 March 2023	<u>221,650</u>
Depreciation	
At 1 April 2022	2,015
Charge for the year on owned assets	19,284
At 31 March 2023	<u>21,299</u>
Net book value	
At 31 March 2023	<u>200,351</u>
At 31 March 2022	<u>20,112</u>

ENGINEER.AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	749,206
Additions	8,493
At 31 March 2023	<u>757,699</u>

During the year the Company acquired 100% of Engineer.ai EU Limited, a Company incorporated in France.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Engineer.ai India Private Ltd	1st Floor, 28, Gagan Vihar, Delhi - 110051, India	Ordinary	99.99%
Engineer.ai Naya Ltd	C/O Mourant Governance Services (Cayman) Limited 94 Solaris Avenue Camana Bay Grand Cayman KY1 1108, Cayman Islands	Ordinary	100%
Engineer.ai (Builder.ai) Private Limited	9, Raffles Place, #27-00, Republic Plaza, Singapore (048619)	Ordinary	100%
Engineer.ai Cloud Services India Private Limited (indirect subsidiary through Engineer.ai India Private Ltd)	1st Floor, 28, Gagan Vihar, Delhi - 110051, India	Ordinary	99.99%
Engineer.ai EU	Sophia Antipolis Business Centre, E.Space Park-Bâtiment D 45 Allée des Ormes 06250 Mougins, France	Ordinary	100%

ENGINEER.AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Debtors

	2023 £	2022 £
Trade debtors	5,140,801	4,287,723
Amounts owed by group undertakings	2,494,310	8,250,010
Other debtors	2,798,829	1,198,704
Prepayments and accrued income	826,392	404,530
	<u>11,260,332</u>	<u>14,140,967</u>

Bad debt provision of £608,792 (2022: £534,606) recognised against trade debtors at year-end.

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,898,408	694,809
Amounts owed to group undertakings	73,948,086	27,559,823
Other taxation and social security	615,852	435,866
Other creditors	490,361	263,497
Accruals	1,403,073	263,750
	<u>78,355,780</u>	<u>29,217,745</u>

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at amortised cost through profit or loss	12,963,925	6,662,421
Amounts owed by group undertakings	2,494,310	8,250,010
	<u>15,458,235</u>	<u>14,912,431</u>
Financial liabilities		
Financial liabilities measured at amortised cost through profit or loss	4,407,694	1,222,056
Amounts owed to group undertakings	73,948,086	27,559,823
	<u>78,355,780</u>	<u>28,781,879</u>

Financial assets measured at amortised cost through profit or loss comprise cash, trade debtors and other debtors

Financial liabilities measured at amortised cost through profit or loss comprise trade creditors, other tax and social security, accruals and other creditors.

15. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
10,000 (2022 - 10,000) Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

16. Reserves

Capital contribution reserve

The capital contribution account represents the cumulative costs of the options granted to purchase shares in the Company's immediate parent undertaking, Engineer.ai Corp.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative un-distributable foreign exchange movements arising on the translation of the results of the foreign branch into sterling.

Profit and loss account

The Profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Share-based payments

Certain employees of the Company along with other group employees have been granted options over shares in Engineer.ai Corp. The options are granted with a fixed exercise price and are exercisable over a four year period from the date of the grant, subject to certain conditions set out in the Letter of Grant.

On exercise of the shares by the employees, the Company is charged with the intrinsic value of the shares and an amount of £701,164 (2022 : £375,913) was recognised in the Statement of Comprehensive Income.

A reconciliation of share option movements over the year to 31 March 2023 is shown below :

	Weighted average exercise price	Number	<i>Weighted average exercise price</i>	<i>Number</i>
	\$	2023	\$	2022
Outstanding at the beginning of the year	1.38	710,350	1.38	801,005
Granted during the year	8.38	1,147,617	1.38	338,419
Lapsed during the year	1.20	384,671	1.38	249,640
Exercised during the year	1.38	177,531	1.38	179,434
Outstanding at the year end	4.81	1,295,765	1.38	710,350

The total share option charge for the year was £701,164 (2022: £375,913).

18. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	-	416,040
	<hr/>	<hr/>
	-	416,040
	<hr/> <hr/>	<hr/> <hr/>

ENGINEER.AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. Related party transactions

During the period, the Company made purchases of £ 30,123 (2022: £Nil) from SD Squared Ventures II Limited, a Company which is under common control by S D Duggal. At the year end, there was a balance owing by the Company of £ 13,564 (2022: £Nil).

During the period, the Company made purchases of £ 16,860 (2022: £Nil) from SD Squared Ventures RE LLC, a Company which is under common control by S D Duggal. At the year end, there was a balance owing by the Company of £ Nil (2022: £Nil).

During the period, the Company made sales of £Nil (2022: £Nil) and purchases of £Nil (2022: £Nil) to SD Squared Ventures Limited, a Company which is under common control by S D Duggal. At the year end, there was a balance owing to the Company of £ Nil (2022: £5,548), with a bad debt provision of £ Nil (2022: £4,216).

During the period, the Company made sales of £ Nil (2022: £82) to Shoto Inc., a Company which is under common control by S D Duggal. At the year end, there was a balance owing to the Company of £ Nil (2022: £31,246).

During the period, the Company made sales of £ Nil (2022: £2,648) to Healthhunt Digital India Private Limited, a Company which is under common control by S D Duggal. At the year end, there was a balance owing to the Company of £ Nil (2022: £7,909).

The Company has taken advantage of the exemption available within FRS 102, from disclosing transactions with entities that are wholly owned part of the group headed by Engineer.ai Corp.

20. Controlling party

The Company is wholly owned by Engineer.ai Corp, a company registered in the USA. The ultimate controlling party of the Company is Mr Sachin Dev Duggal.

The Company is included in the consolidated financial statements of Engineer.ai Corp. The Company is therefore exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Engineer.ai Corp. The address of the parent's registered office is 26 S. Rio Grande Street, Suite 2072 Salt Lake City, Utah 84101, USA.