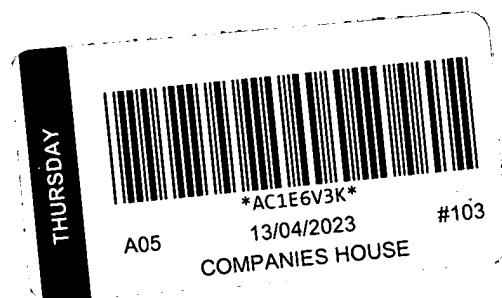


Registered number: 10998363

ENGINEER. AI GLOBAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



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 2022

Introduction and Business Review

The Director presents his strategic report for the year ended 31 December 2022.

FY 22 has been the overall group's second full year in operation once it came out of its "beta" software assembly platform. From an FY21 net revenue of \$22M (beating the budget of \$14M) to \$65M (beating a budget of \$48M) has demonstrated the power of the company's platform and more importantly the deeply resonating product-market fit it is receiving as the world continues to globally build software and technology at an unprecedented pace.

Builder.ai Studio platform has led the revenue charge; it is an AI powered Assembly line that brings together lego-like reusable features ("building-blocks"); a managed marketplace of experts from around the world that customize the reusable features atop the assembly line. Once an application (mobile, web or backend for enterprise) is ready then the said applications are predominantly run on Builder.ai's Platform Marketplace which has expanded from just Builder Cloud to now include payment, analytics and other 3rd party services essential for any software application to operate in the modern technology landscape.

In FY22, following on from a successful early stage roll out during Covid-19, Builder.ai also launched the Studio Store in the UK and this has been targeted to help the smallest of small businesses and allows them to build their digital footprint without ever having to write a line of code.

Owing to the success of the overall group's performance; the success of the predominantly UK management team the company also closed a successful \$100M Series C fundraise with a global investor Insight Partners and also an investment from Microsoft Corporation from their balance sheet.

Overall S&M efficiency (the Group's magic number) has out-performed industry (6.4x vs our peers having a magic number of 1.8x); much of this is driven by both efficiency of our spend and also how our business model differs from traditional SaaS.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

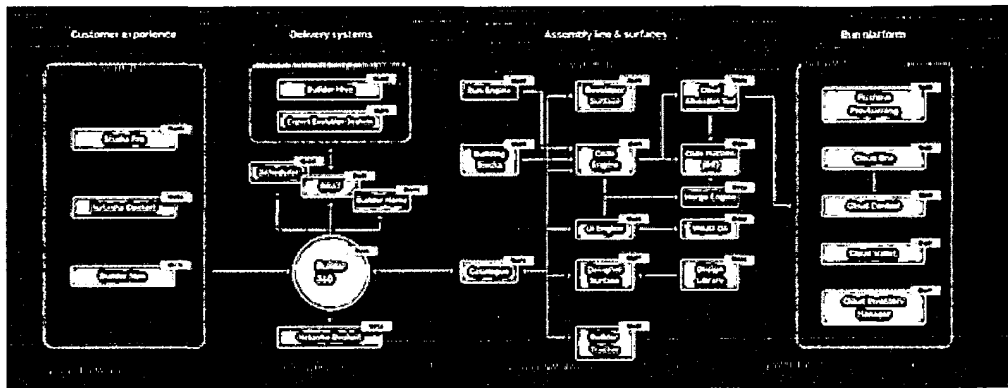
Principal risks and uncertainties

There are no specific risks or uncertainties which could significantly affect the amounts reported in the financial statements in the near term or will impact the near-term functioning of the company.

Research and development

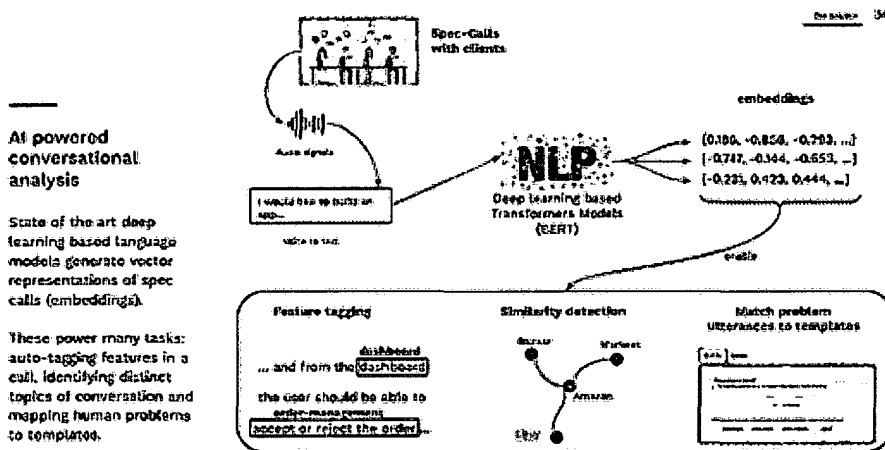
The company has been incurring expenditure for the development of its intangible assets, details of which have been disclosed in the financial statements.

This R&D has been essential for bolstering the company's roadmap from the development of our internal conversational AI codenamed "Natasha" to the building out of the next generation of the assembly system to the Builder Now Prototyping system that uses deep learning to build out fully integrated clickable prototypes of any software application without any human involvement.



Much of the assembly system was completed in FY22 and this was evident in the meaningful efficiency we achieved in development.

Natasha has been a key focal point for us and our UK based AI team has been leading this effort for us to be able to recognize entire customer conversations thereby drastically reducing the current human interaction needed when building software projects.



Another key area for R&D has been about reducing the time it takes to build out customization and we have seen an 80% reduction in the time taken to produce a feature.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Our flywheel is gathering momentum

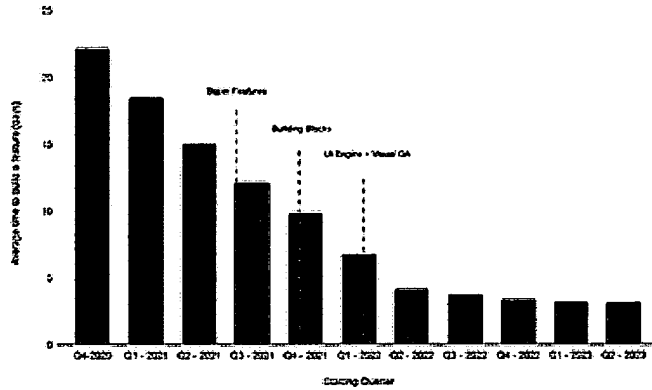
Business Model

6.5x faster

70% more cost efficient

1/6th the man power of a dev shop

In the last year we've been able to compress the avg time to build a feature to less than 1 week.



Confidential - Do Not Share

Builder.ai

Branches outside the UK

The company has one branch outside the UK, which is based in Dubai, and this branch has seen a prolific launch; FY 23 looks to be even more promising.

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

Sachin Dev Duggal
Director

Date: 05/04/2023

ENGINEER. AI GLOBAL LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Director presents his report and the audited financial statements for the year ended 31 March 2022.

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 £4,133,277 (2021 - loss £968,674).

The Directors do not recommend the payment of a dividend.

Director

The Director who served during the year was:

Sachin Dev Duggal

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.

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: 05/04/2023

ENGINEER. AI GLOBAL LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 2022 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 2022 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 Directors' 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 intend 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.

ENGINEER. AI GLOBAL LIMITED

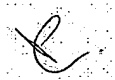
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINEER. AI GLOBAL LIMITED

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves 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: 6 April 2023

ENGINEER. AI GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		2022 £	As restated 2021 £
Turnover	4	10,557,097	10,722,740
Cost of sales		(5,648,213)	(7,376,069)
Gross profit		4,908,884	3,346,671
Administrative expenses		(9,028,443)	(4,756,021)
Other operating income	5	-	440,676
Operating loss		(4,119,559)	(968,674)
Interest payable and expenses	8	(13,718)	-
Loss before tax		(4,133,277)	(968,674)
Tax on loss		-	-
Loss for the financial year		(4,133,277)	(968,674)

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

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 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible fixed assets	9	9,173,006	112,972
Tangible assets	10	20,112	580
Investments	11	749,206	749,135
		<u>9,942,324</u>	<u>862,687</u>
Current assets			
Debtors: amounts falling due within one year	12	14,140,967	10,365,349
Bank and cash balances		771,464	117,961
		<u>14,912,431</u>	<u>10,483,310</u>
Creditors: amounts falling due within one year	13	(29,217,745)	(11,123,890)
Net current liabilities		<u>(14,305,314)</u>	<u>(640,580)</u>
Total assets less current liabilities		<u>(4,362,990)</u>	<u>222,107</u>
Provisions for liabilities			
Other provisions	15	-	(804,344)
		<u>-</u>	<u>(804,344)</u>
Net liabilities		<u><u>(4,362,990)</u></u>	<u><u>(582,237)</u></u>
Capital and reserves			
Called up share capital	16	100	100
Foreign exchange reserve		(25,906)	(2,517)
Capital contribution reserve		975,919	600,006
Profit and loss account		(5,313,103)	(1,179,826)
		<u>(4,362,990)</u>	<u>(582,237)</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: 05/04/2023

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 2022**

	Called up share capital £	Foreign exchange reserve £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020 (restated)	100	-	-	(211,152)	(211,052)
Comprehensive income for the year					
Loss for the year (restated)	-	-	-	(968,674)	(968,674)
Currency translation differences (restated)	-	(2,517)	-	-	(2,517)
Share options exercised	-	-	600,006	-	600,006
At 1 April 2021 (restated)	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 31 March 2022	100	(25,906)	975,919	(5,313,103)	(4,362,990)

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 2022**

	2022 £	<i>As restated</i> 2021 £
Cash flows from operating activities		
Loss for the financial year	(4,133,277)	(968,674)
Adjustments for:		
Amortisation of intangible assets	471,168	156,898
Impairment of intangible assets	118,385	-
Depreciation of tangible assets	1,786	229
Government grants	-	(43,969)
Interest paid	13,718	-
(Increase) in debtors	(2,985,389)	(137,435)
(Increase) in amounts owed by groups	(790,229)	(4,720,218)
(Decrease)/increase in creditors	(301,805)	1,191,726
Increase in amounts owed to groups	18,395,661	498,333
(Decrease)/increase in provisions	(804,344)	786,759
Foreign exchange movements	(23,389)	-
Share-based payment charge	375,913	600,006
Net cash generated from operating activities	10,338,198	(2,636,345)
Cash flows from investing activities		
Additions to intangible assets - internally developed	(9,644,174)	(2,309,627)
Sale of intangible assets	-	4,878,042
Purchase of tangible fixed assets	(21,318)	-
Government grants received	-	43,969
Purchase of fixed asset investments	(71)	-
Foreign exchange movements	(5,413)	-
Net cash from investing activities	(9,670,976)	2,612,384
Cash flows from financing activities		
Interest paid	(13,718)	-
Net cash used in financing activities	(13,718)	-
Net increase/(decrease) in cash and cash equivalents	653,504	(23,961)
Cash and cash equivalents at beginning of year	117,960	141,921
Cash and cash equivalents at the end of year	771,464	117,960
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	771,464	117,960
	771,464	117,960

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 2022**

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	117,960	653,504	771,464
	<u>117,960</u>	<u>653,504</u>	<u>771,464</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022 the Company incurred a loss for the year of £4,133,277 (2021: £968,674) and had net liabilities of £4,362,990 (2021: £582,237). 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.7 Intangible assets - development costs

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

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 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 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.

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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
------------------	-----------

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 2022

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 2022**

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 2022, the Group held intangible assets of £9,173,006 (2021: £112,972). 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. 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 2022 that required a bad debt provision. The balances outstanding at 31 March 2022 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:

	2022	<i>As restated</i>
	£	<i>2021</i>
		<i>£</i>
Platform Marketplace	1,685,740	8,155,722
Builder	8,871,357	2,567,018
	10,557,097	10,722,740

All turnover arose within the United Kingdom.

ENGINEER. AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

	2022 £	2021 £
Profit on sale of intangible assets	-	396,707
Furlough income	-	43,969
	<u>-</u>	<u>440,676</u>

6. Auditor's remuneration

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

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	35,025	33,500

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.

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	3,266,274	1,748,291
Social security costs	620,755	232,036
Share based payments	375,913	600,006
	<u>4,262,942</u>	<u>2,580,333</u>

The average monthly number of employees, including directors, during the year was 69 (2021 - 44).

8. Interest payable and similar expenses

	2022 £	2021 £
Other interest payable	13,718	-
	<u>13,718</u>	<u>-</u>

ENGINEER. AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Intangible assets

	Development expenditure £
Cost	
At 1 April 2021	112,972
Additions - internal	9,644,174
Foreign exchange movement	5,413
	<hr/>
At 31 March 2022	9,762,559
	<hr/>
Amortisation	
Charge for the year on owned assets	471,168
Impairment charge	118,385
	<hr/>
At 31 March 2022	589,553
	<hr/>
Net book value	
At 31 March 2022	9,173,006
	<hr/> <hr/>
At 31 March 2021	112,972
	<hr/> <hr/>

ENGINEER. AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 April 2021	809
Additions	21,318
At 31 March 2022	<u>22,127</u>
Depreciation	
At 1 April 2021	229
Charge for the year on owned assets	1,786
At 31 March 2022	<u>2,015</u>
Net book value	
At 31 March 2022	<u>20,112</u>
At 31 March 2021	<u>580</u>

ENGINEER. AI GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Fixed asset investments

Cost or valuation	Investments in subsidiary companies £
At 1 April 2021	749,135
Additions	71
At 31 March 2022	<u>749,206</u>

During the year the Company acquired 100% of Engineer.ai (Builder.ai) Private Limited, a Company incorporated in Singapore.

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	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 2022****12. Debtors**

	2022	<i>As restated</i>
	£	<i>2021</i>
		<i>£</i>
Trade debtors	4,287,723	2,284,855
Amounts owed by group undertakings	8,250,010	7,459,781
Other debtors	1,198,704	151,507
Prepayments and accrued income	404,530	469,206
	14,140,967	<i>10,365,349</i>

During the year the company recognised a bad debt provision of £534,606 (2021: £326,590)

13. Creditors: Amounts falling due within one year

	2022	<i>As restated</i>
	£	<i>2021</i>
		<i>£</i>
Trade creditors	694,809	339,450
Amounts owed to group undertakings	27,559,823	9,164,162
Other taxation and social security	435,866	1,289,734
Other creditors	263,497	160,578
Accruals and deferred income	263,750	169,966
	29,217,745	<i>11,123,890</i>

ENGINEER. AI GLOBAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****14. Financial instruments**

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost through profit or loss	6,257,891	2,554,323
Amounts owed by group undertakings	8,250,010	7,459,781
	<u>14,507,901</u>	<u>10,014,104</u>
Financial liabilities		
Financial liabilities measured at amortised cost through profit or loss	1,657,922	1,959,728
Amounts owed to group undertakings	27,559,823	9,164,162
	<u>29,217,745</u>	<u>11,123,890</u>

Financial assets measured at amortised cost through profit or loss comprise cash, trade debtors, amounts owed to group undertakings and other debtors

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

15. Provisions

	Provision £
At 1 April 2021	804,344
Charged to profit or loss	(804,344)
At 31 March 2022	<u>-</u>

The brought forward provision related to costs associated with ongoing disputed claims. This was resolved in the year.

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
10,000 (2021 - 10,000) Ordinary shares of £0.01 each	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. 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.

18. 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.

On exercise of the shares by the employees, the Company is charged with the intrinsic value of the shares and an amount of £375,913 (2021 : £600,006) was recognised directly in equity.

A reconciliation of share option movements over the year to 31 March 2022 is shown below :

	Weighted average exercise price	Number	<i>Weighted average exercise price</i>	<i>Number</i>
	\$	2022	\$	2021
Outstanding at the beginning of the year	1.38	801,005	1.38	432,485
Granted during the year	1.38	338,419	1.38	597,639
Lapsed during the year	1.38	249,640	1.38	108,313
Exercised during the year	1.38	179,434	1.38	120,806
Outstanding at the year end	1.38	710,350	1.38	801,005

The total share option charge for the year was £375,913 (2021 : £600,006).

ENGINEER. AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

19. Prior year adjustment

The financial results for Engineer A.I. Global Limited (DMCC Branch) were omitted in error from the 2021 accounts. A prior year adjustment has therefore been included in these financial statements to bring the results of the branch into the financial statements. Including the branch results has resulted in:

- An increase in Intangible Assets of £112,972
- A decrease in Debtors of £120,075
- An increase in Creditors of £35,324
- A decrease in Retained Earnings of £39,910

As the results of the branch are presented in AED, the conversion into GBP has resulted in the establishment of a cumulative undistributable foreign exchange reserve. The balance on the foreign exchange reserve as at 31 March 2021 was £2,517.

Additionally, the company did not account for the share option expense in the 2021 accounts in error. A prior year adjustment has been included in these financial statements to recognise the equity-settled share based payment relating to 2021 and this has resulted in :

- A decrease in Retained Earnings of £600,006
- An increase in Reserves by way of a capital contribution reserve of £600,006.

20. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	416,040	184,398
Later than 1 year and not later than 5 years	-	416,040
	<u>416,040</u>	<u>600,438</u>

ENGINEER. AI GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21. Related party transactions

During the period, the Company made sales of £Nil (2021: £11,771) and purchases of £Nil (2021: £5,797) 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 £5,548 (2021: £5,270), with a bad debt provision of £4,216 (2021: £4,216).

During the period, the Company made sales of £82 (2021: £11,665) 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 £31,246 (2021: £29,595).

During the period, the Company made sales of £2,648 (2021: £3,176) 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 £7,909 (2021: £4,871).

During the period, the Company made sales of £Nil (2021: £Nil) and issued a credit note of £30,277 to SDD Viswa Trust 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 (2021: £30,277), with a bad debt provision of £Nil (2021: £24,211).

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.

22. 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 6300 Arizona Cir, Los Angeles, 90045-1202, United States.