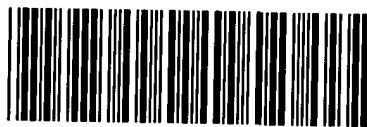


Company registration number 08991598 (England and Wales)

PROLIFIC ACADEMIC LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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PROLIFIC ACADEMIC LTD

COMPANY INFORMATION

Directors	P Bradley E D'Angelo
Company number	08991598
Registered office	483 Green Lanes London N13 4BS
Auditor	Moore NHC Audit Limited Nicholas House River Front Enfield Middlesex EN1 3FG

PROLIFIC ACADEMIC LTD

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PROLIFIC ACADEMIC LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Prolific Academic Ltd is the sole trading entity for the site Prolific.co. The company's income is predominantly made up of commission taken as a % of fees paid from researchers to research participants with a small amount of additional income for add on services including representative samples and research consultancy. Prolific's customer base continues to be predominantly within the world of academia, with an increasing portion of income coming from corporate/non-academic research.

The company accounts reflect revenue of £9,816,416 (2021: £6,971,460) and a net loss before tax of £1,202,350 (2021: £1,173,545).

The company's growth reflects a strong year of trading with 41% revenue growth from the prior year. This growth has come through expanding penetration within existing academic institutions as well as welcoming researchers from new institutions both inside academia and from the corporate sector in user research, market research and AI research/training.

The gross profit margin fell very slightly from 78% in 2021 to 77% in 2022 due mainly to increasing transaction costs associated with inbound payments from researchers.

The most significant increase in overheads was caused by increasing the team size with average headcount going from 57 in 2021 to 75 in 2022. New roles have predominantly been added into the product/R&D function as well as building out sales and marketing within the business to support longer term growth.

The balance sheet at year end remained in a net asset position with cash from Prolific Technologies Inc's seed investment in 2019 being reinvested into Prolific Academic Ltd to support ongoing growth.

The directors would like to thank all employees for their commitment and hard work over the last 12 months.

Principal risks and uncertainties

Despite a very volatile macro environment in 2022, the company's reputation for providing highly vetted, engaged participants who in turn produce high quality research responses, has allowed us to continue growing both in and outside academia.

Although the academic market is less volatile in reacting to changes in the macroenvironment, the longer term impacts of Brexit, the COVID-19 pandemic and the broader political landscape on academic research budgets remains uncertain.

Advancements in AI have proven beneficial for Prolific in 2022, with more AI customers choosing to run research on the platform, however the future of this market is largely uncertain. There are a lot of uncertainties around regulation, the longevity of the demand and also the threat that AI itself could bring to the integrity of Prolific's participant pool (though the company is well placed to defend against this threat and ensure this becomes a differentiator vs other platforms).

As the business moves into new markets with more customers coming to us from outside of academia, we are also subject to more competition in these other markets from other players in market research and AI training in particular.

With an increasing proportion of revenue coming in USD but majority of our cost base being in GBP, the company benefited in 2022 from significant weakening of the pound in the latter half of the year. This does however mean that the company is exposed to foreign exchange risk if the pound strengthens against the dollar in the future.

PROLIFIC ACADEMIC LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Development and performance

On 24th April 2023 Prolific Technologies Inc (100% parent company to Prolific Academic Ltd) secured external investment from Partech Growth II SLP and Oxford Science Enterprises PLC. The total round size was \$32m which was made up of secondary share sales and primary investment into Prolific Technologies Inc in exchange for newly issued shares.

This primary investment will be used to further invest in our product and our go-to-market team to drive further growth both in academia and the corporate/AI sectors.

On behalf of the board

DocuSigned by:

Phelim Bradley

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P Bradley

Director

25 July 2023

PROLIFIC ACADEMIC LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of putting researchers in touch with individuals in order for the researchers to run research studies.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Bradley
E D'Angelo

Statement of disclosure to auditor

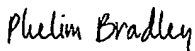
Each director in office at the date of approval of this annual report confirms that:

- 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 he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

DocuSigned by:



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P Bradley
Director

25 July 2023

PROLIFIC ACADEMIC LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are 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 financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

PROLIFIC ACADEMIC LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROLIFIC ACADEMIC LTD

Opinion

We have audited the financial statements of Prolific Academic Ltd (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 directors' 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 directors 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 directors are 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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PROLIFIC ACADEMIC LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PROLIFIC ACADEMIC LTD

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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are 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 directors determine 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 directors are 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 directors 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.

PROLIFIC ACADEMIC LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PROLIFIC ACADEMIC LTD

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of noncompliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of noncompliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The corresponding figures in the financial statements were not audited.

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 an 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.



Daniel Garfield (Senior Statutory Auditor)
For and on behalf of Moore NHC Audit Limited

25 July 2023

Chartered Accountants
Statutory Auditor

Nicholas House
River Front
Enfield
Middlesex
EN1 3FG

PROLIFIC ACADEMIC LTD**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Revenue	3	9,816,416	6,971,460
Cost of sales		(2,234,820)	(1,538,224)
Gross profit		7,581,596	5,433,236
Other operating income		-	100
Administrative expenses		(8,783,963)	(6,606,909)
Operating loss	4	(1,202,367)	(1,173,573)
Investment revenues	7	17	28
Loss before taxation		(1,202,350)	(1,173,545)
Income tax income	8	395,171	443,582
Loss for the year		(807,179)	(729,963)

PROLIFIC ACADEMIC LTD**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Loss for the year	<u>(807,179)</u>	<u>(729,963)</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Deferred taxation arising on valuation of employee share options in parent	<u>169,674</u>	<u>10,146</u>
Total comprehensive income for the year	<u>(637,505)</u>	<u>(719,817)</u>

PROLIFIC ACADEMIC LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Non-current assets			
Intangible assets	9	4,277	515
Property, plant and equipment	10	76,542	78,214
Deferred tax asset	14	238,994	58,749
		<u>319,813</u>	<u>137,478</u>
Current assets			
Trade and other receivables	11	863,280	608,769
Cash and cash equivalents		13,833,495	13,794,564
		<u>14,696,775</u>	<u>14,403,333</u>
Current liabilities			
Trade and other payables	13	9,701,496	11,355,545
Deferred revenue	15	4,497,253	2,597,681
		<u>14,198,749</u>	<u>13,953,226</u>
Net current assets		<u>498,026</u>	<u>450,107</u>
Net assets		<u>817,839</u>	<u>587,585</u>
Equity			
Called up share capital	18	103	100
Share premium account	19	827,661	-
Equity reserve	20	97,983	57,888
Retained earnings		(107,908)	529,597
Total equity		<u>817,839</u>	<u>587,585</u>

The financial statements were approved by the board of directors and authorised for issue on 25 July 2023 and are signed on its behalf by:

DocuSigned by:

Phelim Bradley

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P Bradley

Director

Company registration number 08991598

PROLIFIC ACADEMIC LTD**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Share capital £	Share premium account £	Capital contribution s reserve £	Retained earnings £	Total £
Balance at 1 January 2021		100	-	25,702	1,249,414	1,275,216
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(729,963)	(729,963)
Tax relating to other comprehensive income		-	-	-	10,146	10,146
Credit relating to share based payments		-	-	32,186	-	32,186
Balance at 31 December 2021		100	-	57,888	529,597	587,585
Year ended 31 December 2022:						
Loss and total comprehensive income for the year		-	-	-	(807,179)	(807,179)
Other comprehensive income:						
Tax relating to other comprehensive income		-	-	-	169,674	169,674
Issue of share capital	18	3	827,661	-	-	827,664
Credit relating to share based payments		-	-	40,095	-	40,095
Balance at 31 December 2022		103	827,661	97,983	(107,908)	817,839

PROLIFIC ACADEMIC LTD**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(1,191,154)		5,298,562
Income taxes movement			446,687		58,061
Net cash (outflow)/inflow from operating activities			(744,467)		5,356,623
Investing activities					
Purchase of intangible assets		(4,200)		-	
Purchase of property, plant and equipment		(43,587)		(74,926)	
Proceeds from disposal of property, plant and equipment		3,504		3,650	
Interest received		17		216	
Net cash used in investing activities			(44,266)		(71,060)
Financing activities					
Proceeds from issue of shares		827,664		-	
Net cash generated from/(used in) financing activities			827,664		-
Net increase in cash and cash equivalents			38,931		5,285,563
Cash and cash equivalents at beginning of year			13,794,564		8,509,001
Cash and cash equivalents at end of year			13,833,495		13,794,564

PROLIFIC ACADEMIC LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Prolific Academic Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 483 Green Lanes, London, N13 4BS. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In determining the appropriate basis of preparation for the financial statements, the directors are required to consider whether the company can be considered a going concern. Prolific Academic Ltd is a 100% subsidiary of Prolific Technologies Inc which is a holding company incorporated in the United States. In April 2023 Prolific Technologies Inc secured investment which will be reinvested as required into Prolific Academic Ltd to allow it to meet its liabilities as they fall due. The management team has prepared financial forecasts for the twelve months from the date of approval of these financial statements and the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes the rendering of services. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured in line with the proportion of research completed and approved.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	over 3 years
Computers	over 3 years

PROLIFIC ACADEMIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

PROLIFIC ACADEMIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently (payable)/receivable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PROLIFIC ACADEMIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****1 Accounting policies****(Continued)****1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new accounting standard

The company has applied IFRS for the first time using the cumulative effect method. Under this method, the comparative information in the statement of profit or loss and other comprehensive income is not restated. The cumulative impact of first-time adoption is recognised as an adjustment to the opening balance of retained earnings for the current period.

The company's accounting policies for the year ended 31 December 2022 are disclosed in note 1. The application has not had a significant impact on the financial position or financial performance of the Company.

3 Revenue

	2022	2021
	£	£
Revenue analysed by class of business		
Commissions	9,816,416	6,971,460
	<u>9,816,416</u>	<u>6,971,460</u>
	2022	2021
	£	£
Revenue analysed by geographical market		
USA	4,500,825	2,971,862
UK	1,686,056	1,224,207
EU	1,859,858	1,433,353
Rest of the world	1,769,677	1,342,038
	<u>9,816,416</u>	<u>6,971,460</u>

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(65,116)	(98,194)
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	-
Depreciation of property, plant and equipment	41,939	27,635
(Profit)/loss on disposal of property, plant and equipment	(184)	1,531
Amortisation of intangible assets (included within administrative expenses)	438	158
Share-based payments	40,095	32,186
	<u>40,095</u>	<u>32,186</u>

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2022**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
General & Administrative	14	9
Sales & Marketing	9	4
Research & Development	33	27
Support	19	17
Total	75	57

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	4,890,566	3,598,484
Social security costs	568,632	413,262
Pension costs	164,128	99,712
	5,623,326	4,111,458

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	182,200	235,983
Company pension contributions to defined contribution schemes	7,800	5,813
	190,000	241,796

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	115,515
Company pension contributions to defined contribution schemes	n/a	3,438

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2022**7 Investment income**

	2022	2021
	£	£
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	-	28
Other interest income	17	-
	<u>17</u>	<u>-</u>
Total interest revenue	<u>17</u>	<u>28</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

8 Income tax expense

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	(384,600)	(446,688)
	<u>(384,600)</u>	<u>(446,688)</u>
Deferred tax		
Origination and reversal of temporary differences	(10,571)	3,106
	<u>(10,571)</u>	<u>3,106</u>
Total tax (credit)	<u>(395,171)</u>	<u>(443,582)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

	2022	2021
	£	£
Loss before taxation	(1,202,350)	(1,173,545)
	<u>(1,202,350)</u>	<u>(1,173,545)</u>
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(228,447)	(222,974)
Effect of expenses not deductible in determining taxable profit	2,549	6,406
Permanent capital allowances in excess of depreciation	2,322	11,923
Research and development tax credit	(384,600)	(446,688)
Loss surrendered	213,005	207,751
	<u>(395,171)</u>	<u>(443,582)</u>
Taxation credit for the year	<u>(395,171)</u>	<u>(443,582)</u>

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****8 Income tax expense****(Continued)**

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Share based payments recognised as other comprehensive income	(169,674)	(10,146)

9 Intangible assets

Trademarks
£

Cost

At 1 January 2021

792

At 31 December 2021

792

Additions - purchased

4,200

At 31 December 2022

4,992

Amortisation and impairment

At 1 January 2021

119

Charge for the year

158

At 31 December 2021

277

Charge for the year

438

At 31 December 2022

715

Carrying amount

At 31 December 2022

4,277

At 31 December 2021

515

At 31 December 2020

673

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Property, plant and equipment**

	Office equipment £	Computers £	Total £
Cost			
At 1 January 2021	-	50,843	50,843
Additions	3,146	71,780	74,926
Disposals	(608)	(8,504)	(9,112)
At 31 December 2021	2,538	114,119	116,657
Additions	6,879	36,708	43,587
Disposals	(666)	(16,301)	(16,967)
At 31 December 2022	8,751	134,526	143,277
Accumulated depreciation and impairment			
At 1 January 2021	-	14,739	14,739
Charge for the year	394	27,241	27,635
Eliminated on disposal	(186)	(3,745)	(3,931)
At 31 December 2021	208	38,235	38,443
Charge for the year	1,904	40,035	41,939
Eliminated on disposal	(55)	(13,592)	(13,647)
At 31 December 2022	2,057	64,678	66,735
Carrying amount			
At 31 December 2022	6,694	69,848	76,542
At 31 December 2021	2,330	75,884	78,214

11 Trade and other receivables

	2022 £	2021 £
Trade receivables	708	75
Amounts owed by fellow group undertakings	15,296	-
Other receivables	720,172	498,226
Prepayments	127,104	110,468
	<u>863,280</u>	<u>608,769</u>

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****12 Trade receivables - credit risk****Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	Carrying value		Fair value	
	2022	2021	2022	2021
	£	£	£	£
Trade receivables net of allowances	708	75	708	75
Other debtors	720,172	498,226	720,172	498,226
Prepayments	127,104	110,468	127,104	110,468
	<u>847,984</u>	<u>608,769</u>	<u>847,984</u>	<u>608,769</u>

No significant receivable balances are impaired at the reporting end date.

13 Trade and other payables

	2022	2021
	£	£
Trade payables	152,204	117,406
Accruals	385,048	96,551
Social security and other taxation	296,640	214,574
Other payables	8,867,604	10,927,014
	<u>9,701,496</u>	<u>11,355,545</u>

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****14 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs Share based payments		Total
	£	£	£
Liability/(Asset) at 1 January 2021	16,576	(68,286)	(51,710)
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	3,106	-	3,106
Charge/(credit) to other comprehensive income	-	(10,146)	(10,146)
Liability/(Asset) at 1 January 2022	19,682	(78,431)	(58,749)
Deferred tax movements in current year			
Charge/(credit) to profit or loss	(547)	(10,024)	(10,571)
Charge/(credit) to other comprehensive income	-	(169,674)	(169,674)
Liability/(Asset) at 31 December 2022	19,135	(258,129)	(238,994)

Deferred tax assets are expected to be recovered after more than one year

15 Deferred revenue

	2022	2021
	£	£
Arising from Commissions	4,497,253	2,597,681

All deferred revenues are expected to be settled within 12 months from the reporting date.

16 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	164,128	99,712

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share-based payments

Expenses		
Related to equity settled share based payments	40,095	32,186

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****17 Share-based payments****(Continued)**

The parent company operates both an unapproved share option scheme and an EMI qualifying share option scheme. The cost of issuing is recognised in the Company to represent the services received from its employees and this is recognised in line with requirements of IFRS 2 for equity-settled arrangements.

During the year, 7,617,308 share options were issued, 1,542,117 were cancelled and rights were exercised over 7,056,635 share options.

As at 31 December 2022, the following share options were outstanding:

Number of share options	Strike price US\$
7,000,000	0.000001
500,500	0.0005
569,709	0.001
829,000	0.01012
6,324,982	0.01996
1,273,407	0.03327

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	10,250	10,000	103	100

During the year, the company issued 250 fully paid 1p Ordinary shares.

Reconciliation of movements during the year:

	Ordinary Number
At 1 January 2022	10,000
Issue of fully paid shares	250
At 31 December 2022	10,250

19 Share premium account

	2022 £	2021 £
At the beginning of the year	-	-
Issue of new shares	827,661	-
At the end of the year	827,661	-

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****20 Equity reserve**

	2022 £	2021 £
At the beginning of the year	57,888	25,702
Arising in the year	40,095	32,186
	<u>97,983</u>	<u>57,888</u>
At the end of the year	<u>97,983</u>	<u>57,888</u>

21 Other leasing information**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022 £	2021 £
Expense relating to leases of low-value assets	48,470	27,816
	<u>48,470</u>	<u>27,816</u>

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2022 £	2021 £
Land and buildings		
Within one year	45,030	19,067
Between two and five years	15,246	-
	<u>60,276</u>	<u>19,067</u>

22 Capital risk management

The company is not subject to any externally imposed capital requirements.

23 Events after the reporting date

On 24th April 2023 Prolific Technologies Inc (100% parent company to Prolific Academic Ltd) secured external investment from Partech Growth II SLP and Oxford Science Enterprises PLC. The total round size was \$32m which was made up of secondary share sales and primary investment into Prolific Technologies Inc in exchange for newly issued shares.

24 Controlling party

The immediate and ultimate parent company is Prolific Technologies Inc by virtue of its 100% shareholding in the company. Prolific Technologies Inc. is a company registered in United States of America with registered office 1209 Orange Street, Wilmington, County of New Castle, United States.

PROLIFIC ACADEMIC LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****25 Cash (absorbed by)/generated from operations**

	2022 £	2021 £
Loss for the year before income tax	(1,202,350)	(1,173,545)
Adjustments for:		
Investment Income	(17)	(28)
(Gain)/loss on disposal of property, plant and equipment	(184)	1,531
Amortisation and impairment of intangible assets	438	158
Depreciation and impairment of property, plant and equipment	41,939	27,635
Equity settled share based payment expense	40,095	32,186
Movements in working capital:		
Increase in trade and other receivables	(316,598)	(18,419)
(Decrease)/increase in trade and other payables	(1,654,049)	5,078,615
Increase in deferred revenue outstanding	1,899,572	1,350,429
Cash (absorbed by)/generated from operations	<u>(1,191,154)</u>	<u>5,298,562</u>