

Patsnap (UK) Ltd

Annual Report and Financial Statements

**for the year ended
31 December 2023**

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Patsnap (UK) Ltd

Officers and Professional Advisers

Directors Edmund Kin Kwong Yong
Jeffrey Jee Hui Tiong
Yilan Chen

Registered number 09492371

Registered office Building 3
Chiswick Business Park
566 Chiswick High Road
London

United Kingdom
W4 5YA

Auditors Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU
United Kingdom

Bankers HSBC
60 Queen Victoria Street
London
United Kingdom
EC4N 4TR

Patsnap (UK) Ltd

Annual Report and Financial Statements

For the year ended 31 December 2023

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Patsnap (UK) Ltd

Strategic Report

For the year ended 31 December 2023

The directors present their annual report and the audited financial statements on the affairs of Patsnap (UK) Ltd ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2023.

Principal activities

The Company's principal activity during the year were the provision of intellectual property data search and analytical services through the sale of software licenses.

Review of the business

The Company has made a profit for the year of £5,957,829 (2022: Loss of £138,733).

Key performance indicators

The key performance indicator for the company is revenue.

Revenue in 2023 was £36.8m (2022: £30.7m).

Principal risks and uncertainties

The business continues to face competition from larger and more established market participants in the intellectual property and patent analysis market.

The company will continue to use the Group developed product which is a world class tool for research and development and at UK level extensive investment is being made in hiring world class talent in sales, marketing and support functions to be able to deliver sales as per the expectations from investors.

Personnel risks

The business continues to recognise the need to attract and retain quality staff in all areas on which the success of business is directly dependent upon. Patsnap continues to invest in sourcing the best talent across the offices it operates through a mixture of in house talent search team and also consider use of external recruitment agencies when needed.

Currency risks

The business is exposed to foreign exchange risk as the majority of the customer receipts are in foreign currency such as US Dollar and Euro. These are regularly converted to GB Pounds to enable the company to fulfil the expenses commitment based in the UK. Management reviews this risk regularly and take appropriate action.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for expected credit losses. The amount of expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition of the respective balances.

Patsnap (UK) Ltd

Strategic Report

For the year ended 31 December 2023

Principal risks and uncertainties (continued)

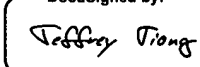
Liquidity risk

The Company does not have any external debt or facilities and in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments uses intercompany finance.

Foreign exchange risk

The Company has contracts with customers denominated in currencies other than its functional currency being mainly USD, EUR and CAD with the Company assuming the foreign currency risk. Management review this risk regularly and take appropriate action.

Approved by the Board and signed on its behalf by:

DocuSigned by:

CBDB343CB57A4A5...
Mr Jeffrey Jee Hui Tiong
Director

Date: 30th August 2024

Patsnap (UK) Ltd

Directors' report

For the year ended 31 December 2023

The directors present their report and the audited financial statements of the company for the year ended 31 December 2023.

Events after the balance sheet date

Details of significant events after the balance sheet date are disclosed in note 20 to the financial statements.

Directors

The Directors who served the company during the year and to the date of this report were as follows:

Mr Edmund Kin Kwong Yong
Mr Jeffrey Jee Hui Tiong
Mrs Yilan Chen- Appointed on 10 March 2024

Dividends

The Directors do not recommend the payment of a dividend (2022: £nil).

Future developments

The objective of the Company is to achieve sustainable growth rates that out-perform the market. The business will continue to expand on an opportunistic basis, both increasing presence in established territories and opening offices in new territories. The Senior Management team meets on a regular basis to review the business performance and both respond to any risks identified and assess opportunities to continue growth

Going Concern

The financial statements have been prepared using the going concern basis of accounting.

Patsnap (UK) Limited has continued to perform well in 2023 and increased revenue over last year. The company has forecasted to grow revenue in the upcoming financial year and for a further 12 months to 31 December 2025. The company continues to invest in expanding its operations and customer base throughout the UK, Europe and North America. Senior Management continues to regularly monitor performance through Key performance indicators and make informed decisions to ensure Patsnap (UK) Ltd continue to operate on a going concern basis. Any risks are highlighted and dealt with accordingly with mitigating action taken in such circumstances.

Cash in hand remains healthy and growing month on month. Cash in hand at the end of 2023 was £11.9 million and at the end of July 2024 was £23.8 million. Management has forecast that the cash generated by revenue activities along with the facility provided by the parent company, Patsnap Pte through the deferral of settlement of the intercompany balance is enough to fully cover the expected cash requirements of the Company until 31 December 2025. Given the required deferral of the intercompany balance, which relates to royalty charges due to them and continues to accumulate as revenue is earned, the Directors have sought and obtained letter of support from the parent company.

The Parent company, Patsnap Pte Limited and Patsnap Ltd – Cayman the ultimate parent company, have confirmed their ability and willingness to provide the required financial support through letters of support from both companies in the event that a financial injection, or continued deferral of the intercompany balance is required through the period to 31 December 2025. Patsnap PTE Limited has SGD 205 million as of 31 December 2023, and SGD of 214 million as at 31 July 2024 which establishes its ability to provide a cash injection to Patsnap UK Ltd should the need arise. The Directors have gained sufficient comfort over the ability of the parent and ultimate parent companies to provide such financial support through establishing their funding requirements and availability of funds which indicate sufficient available funding throughout the support period.

Patsnap (UK) Ltd

Directors' report

For the year ended 31 December 2023

Going Concern (continued)

After making enquiries and performing the analysis as described above, the directors have a reasonable expectation that the company has adequate resources and access to funds to continue in operational existence and meet liabilities as they fall due throughout the going concern assessment period to 31 December 2025.

Directors' confirmation


Each of the persons who is a director at the date of approval of this 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 s418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:

CBDB343CB57A4A5...
Mr Jeffrey Jee Hui Tiong
Director

Date: 30th August 2024

Patsnap (UK) Ltd

Statement of directors' responsibilities

For the year ended 31 December 2023

The directors are responsible for preparing the Strategic Report, the Director's 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

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, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report to the Members of Patsnap (UK) Ltd

For the year ended 31 December 2023

Opinion

We have audited the financial statements of Patsnap (UK) Ltd for the year ended 31 December 2023 which comprise the Income statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its profit 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 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 to 31 December 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Patsnap (UK) Ltd

For the year ended 31 December 2023

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

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Independent Auditor's Report to the Members of Patsnap (UK) Ltd

For the year ended 31 December 2023

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101, the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, the Company must comply with laws and regulations relating to its operations, of which the most significant are regulations related to health and safety regulations in the UK, employee matters, General data Protection regulations.
- We understood how Patsnap (UK) Ltd is complying with those frameworks by making enquiries of management and senior finance personnel and gaining an understanding of the entity level controls of the company in respect of these areas.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where they considered there was susceptibility to fraud. We determined there to be a risk of management override of controls in relation to posting of non-standard journals in respect of revenue. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year, and identified specific transaction for further investigations based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation. We have substantively tested both the revenue and deferred income balances by selecting a sample of transactions, recalculating expected revenue and deferred revenue, and agreeing them to underlying contracts.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company;
 - Obtaining and reading management meeting minutes;
 - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

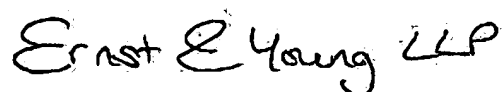
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Patsnap (UK) Ltd

For the year ended 31 December 2023

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.



Angura Begum (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
Date 30 August 2024

Patsnap (UK) Ltd**Income statement****For the year ended 31 December 2023**

		2023	2022
		£	£
	Note		
Revenue	4	36,797,887	30,761,889
Cost of sales		(6,392,835)	(2,798,413)
Gross profit		<u>30,405,052</u>	<u>27,963,476</u>
Distribution costs		(2,612,472)	(2,154,082)
Administrative expenses		(22,208,615)	(25,948,127)
Operating Profit/(Loss)		<u>5,583,965</u>	<u>(138,733)</u>
Finance costs	8	(5,106)	-
Interest Receivable and similar Income	9	378,970	-
Profit/(Loss) before taxation	7	<u>5,957,829</u>	<u>(138,733)</u>
Tax	10	-	-
Profit/(Loss) for the year		<u>5,957,829</u>	<u>(138,733)</u>

Revenue and operating profit are all derived from continuing operations.

There were no items of other comprehensive income.

Patsnap (UK) Ltd**Balance sheet****As at 31 December 2023**

	Note	2023 £	2022 £
Non-current assets			
Property, plant and equipment	11	317,852	177,383
		<u>317,852</u>	<u>177,383</u>
Current assets			
Trade and other receivables	12	7,295,509	4,552,088
Cash and bank balances		11,916,702	16,895,664
		<u>19,212,211</u>	<u>21,447,752</u>
Total assets		<u>19,530,063</u>	<u>21,625,135</u>
Current liabilities			
Trade and other payables	13	(6,243,536)	(15,805,320)
Deferred Income	14	(15,110,178)	(13,905,712)
		<u>(2,141,503)</u>	<u>(8,263,280)</u>
Net current liabilities		<u>(2,141,503)</u>	<u>(8,263,280)</u>
Total assets less current liabilities		<u>(1,823,651)</u>	<u>(8,085,897)</u>
Non-current liabilities			
Trade and other payables	13	-	(61,668)
Lease Liability	18	(86,175)	-
		<u>(21,439,889)</u>	<u>(29,772,700)</u>
Total liabilities		<u>(21,439,889)</u>	<u>(29,772,700)</u>
Net liabilities		<u>(1,909,826)</u>	<u>(8,147,565)</u>
Equity			
Share capital	15	100	100
Other reserves	16	3,947,556	3,667,646
Profit and loss account	16	(5,857,482)	(11,815,311)
		<u>(1,909,826)</u>	<u>(8,147,565)</u>
Equity attributable to owners of the Company		<u>(1,909,826)</u>	<u>(8,147,565)</u>

The financial statements of Patsnap (UK) Ltd (registered number 09492371) were approved by the board of directors and authorised for issue on 30th August 2024.

They were signed on its behalf by:

DocuSigned by:



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Mr Jeffrey Jee Hui Tiong
Director

Patsnap (UK) Ltd**Statement of Changes in Equity****For the year ended 31 December 2023**

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2022	100	3,365,618	(11,676,578)	(8,310,860)
Loss for the year	-	-	(138,733)	(138,733)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(138,733)	(138,733)
Equity-settled share-based payments	-	302,028	-	302,028
At 31 December 2022	100	3,667,646	(11,815,311)	(8,147,565)
Profit for the year	-	-	5,957,829	5,957,829
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5,957,829	5,957,829
Equity-settled share-based payments	-	279,910	-	279,910
At 31 December 2023	100	3,947,556	(5,857,482)	(1,909,826)

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

1. General information

Patsnap (UK) Ltd (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Building 3 Chiswick, 566 Chiswick High Street, London, Greater London W4 5YA, England. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 2. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Patsnap Pte Ltd. The group accounts of Patsnap Pte Ltd are available to the public and can be obtained as set out in note 21.

2. Material accounting policies

Basis of accounting

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions

Where relevant, equivalent disclosures have been given in the group accounts of Patsnap Pte Ltd, a company incorporated in Singapore.

The financial statements have been prepared on the historical cost basis, except for the balances that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

Patsnap (UK) Limited has continued to perform well in 2023 and increased revenue over last year. The company has forecasted to grow revenue in the upcoming financial year and for a further 12 months to 31 December 2025. The company continues to invest in expanding its operations and customer base throughout the UK, Europe and North America. Senior Management continues to regularly monitor performance through Key performance indicators and make informed decisions to ensure Patsnap (UK) Ltd continue to operate on a going concern basis. Any risks are highlighted and dealt with accordingly with mitigating action taken in such circumstances.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Going concern (continued)

Cash in hand remains healthy and growing month on month. Cash in hand at the end of 2023 was £11.9 million and at the end of July 2024 was £23.8 million. Management has forecast that the cash generated by revenue activities along with the facility provided by the parent company, Patsnap Pte through the deferral of settlement of the intercompany balance is enough to fully cover the expected cash requirements of the Company until 31 December 2025. Given the required deferral of the intercompany balance, which relates to royalty charges due to them and continues to accumulate as revenue is earned, the Directors have sought and obtained letter of support from the parent company.

The Parent company, Patsnap Pte Limited and Patsnap Ltd – Cayman the ultimate parent company, have confirmed their ability and willingness to provide the required financial support through letters of support from both companies in the event that a financial injection, or continued deferral of the intercompany balance is required through the period to 31 December 2025. Patsnap PTE Limited has SGD 205 million as of 31 December 2023, and SGD of 214 million as at 31 July 2024 which establishes its ability to provide a cash injection to Patsnap UK Ltd should the need arise. The Directors have gained sufficient comfort over the ability of the parent and ultimate parent companies to provide such financial support through establishing their funding requirements and availability of funds which indicate sufficient available funding throughout the support period.

After making enquiries and performing the analysis as described above, the directors have a reasonable expectation that the company has adequate resources and access to funds to continue in operational existence and meet liabilities as they fall due throughout the going concern assessment period to 31 December 2025.

Revenue

Patsnap (UK) Ltd provides a cloud based software solution that allows users to search a database of patent and intellectual property. The platform data includes licensing, litigation, economic, patent valuation, image, chemical formula and trademark recognition which is accessible to customers who pay subscription fees. By making patent search and analysis accessible and usable for non-IP experts, Patsnap (UK) Ltd provides customers with a new source of information for use during research which is often not publicly available until a patent is filed. This allows the customer to have a complete picture of the latest developments in patent data which is essential when completing research and development.

Revenue is derived by the Company entering into a set price contract with a customer which allows a certain number of users access for a specified amount of time. Customers can use the software whenever they wish throughout the contract length by logging in with their details. The average length of the contracts is 12 months with Patsnap (UK) Ltd providing technical support if required by the customer. The Company updates the database when new data sets become available but these updates are not promised to the customer in the contract.

As the customer can access the platform, obtain technical support and obtain benefit from updates to the underlying data in the platform throughout the life of the contract, the customer simultaneously receives and consumes the benefits of the contract over the term of the contract and revenue should be recognised evenly over the term of the contract.

The company also provides installation/professional services to customers. Revenue from such services is recognised upon completion of installation or delivery of such services.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

Operating profit / (loss)

Operating profit / (loss) is stated after charging restructuring costs but before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable 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 profit or loss 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 date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting 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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Derecognition of financial assets

The Company derecognises a financial asset 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 of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the

Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the profit and loss account.

Share Capital

Proceeds from Issuance of Ordinary Shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. Material accounting policies (continued)

Cash and Cash equivalents

Cash and Cash equivalents are basic financial assets including cash in hand, deposits held or 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.

Share-based payments

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Distribution costs

Distribution costs relate to the costs incurred by Patsnap in relation to the process of delivering services to the end user, and therefore the recognition of revenue. These predominately consist of sales commission costs.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue recognition

The Company's revenue relates to the provision of licenses which allows customers access to search and analytical services on intellectual properties contained in the software. The Company recognises revenue on a straight-line basis over the life of the contract as the customer has the right to use the specified technology for a period of time and ability obtain ongoing software support services from the Company as required. As a critical judgement, management consider the detailed criteria set out in IFRS15 and in particular whether this straight-line basis approach is appropriate. The performance obligation is during the entire duration of the contract, during which the customer needs to have constant access to the software sold as per the agreed contractual dates.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for doubtful debts

The Company is growing rapidly with a large number of new customers in the year which has meant that the size and aging of the trade debtor's balance has changed against the previous year. The Directors have made estimates based on the aging profile of the debtors balance and on a customer by customer basis to calculate an allowance for doubtful debts which is the amount of trade debtors which they believe are not collectable. This amount has increased to £1,184,370 at 31 December 2023 (2022: £993,174).

Share based payments

Members of the business are part of the group managed share based payment scheme. The scheme allows participants to acquire share options and the charge is recognised within these accounts. At the year end this amounted to £279,910 (2022: £302,028). The key area of estimation relates to the fair value of the share options at the date of the options being granted to the employees. The group engages a third party to perform this calculation, however due to the nature of the calculation includes an inherent level of estimation.

4. Revenue

An analysis of the Company's revenue by class of business is set out below.

	2023 £	2022 £
Sale of software licenses	36,797,887	30,761,889

An analysis of the Company's revenue by geographical market is set out below.

	2023 £	2022 £
United Kingdom	4,637,106	3,778,160
Europe	8,625,502	6,955,497
United States	23,497,237	20,015,031
Canada	38,041	13,201
	<u>36,797,887</u>	<u>30,761,889</u>

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

5. Auditor's remuneration

Fees payable to EY LLP for the audit of the Company's annual accounts were £48,000 (2022: £90,000). No non-audit fees were paid in the current year (2022: £nil)

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2023 No.	2022 No.
Administrative staff	17	26
Sales staff	101	88
Directors	-	1
	118	115

The aggregate payroll costs incurred during the year, relating to the above, were:

	2023 £	2022 £
Wages and salaries	9,815,916	8,933,476
Social security costs	1,078,736	1,095,561
Pension Costs	236,324	223,026
Directors remuneration (note 18)	-	-
	11,130,976	10,252,063

7. Profit / (Loss) before taxation for the year

Profit / (Loss) before taxation for the year has been arrived at after charging/(crediting):

	2023 £	2022 £
Depreciation of property, plant and equipment (note 11)	106,905	81,535
Depreciation of Right-of-use assets (note 11)	48,983	-
Foreign exchange losses/(gains)	120,688	(1,964,268)
Staff costs (see note 6)	11,130,976	10,252,063
Loss allowance on trade receivables	597,888	417,610
Royalties payable to other group companies (included in Cost of Sales)	6,392,835	2,798,413
Recharge of costs from overseas operations	8,887,142	14,314,146

8. Finance costs

	2023 £	2022 £
Interest on lease liabilities	5,106	-

Patsnap (UK) Ltd**Notes to the Financial Statements (continued)****For the year ended 31 December 2023****9. Interest Receivable**

	2023	2022
	£	£
Interest on Receivable	378,970	-

10. Tax

The standard rate of corporation tax applied to reported profit is 19%.

	2023	2022
	£	£
Corporation Tax		
UK Corporation Tax	-	-

The standard rate of corporation tax applied to reported profit is 25%. The charge for the year can be reconciled to the profit before tax as follows:

	2023	2022
	£	£
Profit/(Loss) before tax	5,957,829	(138,733)
Tax at the UK corporation tax rate of 25 per cent (2022: 19 per cent)	1,400,090	(26,359)
Tax effect of expenses not deductible in determining taxable profit	90,728	72,877
Change in unrecognised deferred tax assets	(1,490,818)	(46,518)
Tax expense for the year	-	-

The company plan to use brought forward losses from previous years to mitigate the tax liability in 2023. There is therefore no tax expense on the profits in 2023.

As at 31 December 2023, the company has brought forward tax losses of approximately £1,247,581 (2022: £7,427,107) available to carry forward against future profits in future periods. Management have deemed that a deferred tax asset in relation to these losses should not be recognised due to the uncertainty of future profits going forward, particularly in light of historical performance of the company. Unused tax losses and temporary differences may be carried forward indefinitely.

Patsnap (UK) Ltd**Notes to the Financial Statements (continued)****For the year ended 31 December 2023****11. Property, plant and equipment**

	<u>Right-of-use asset</u> Land and buildings £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2023	-	-	1,168,753	1,168,753
Additions	167,942	-	127,675	295,617
Disposals	-	-	-	-
At 31 December 2023	<u>167,942</u>	<u>-</u>	<u>1,296,428</u>	<u>1,464,370</u>
Depreciation				
At 1 January 2023	-	-	991,370	991,370
Charge for the year	48,983	-	106,165	155,148
Disposals	-	-	-	-
At 31 December 2023	<u>48,983</u>	<u>-</u>	<u>1,097,535</u>	<u>1,146,518</u>
Carrying amount				
At 31 December 2023	<u>118,959</u>	<u>-</u>	<u>198,893</u>	<u>317,852</u>
At 31 December 2022	<u>-</u>	<u>-</u>	<u>177,383</u>	<u>177,383</u>

Right-of-use assets

	2023 £	2022 £
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	48,983	-
Interest expense on lease liabilities	5,106	-
	<u>53,089</u>	<u>-</u>

12. Trade and other receivables

Amounts falling due within one year:

	2023 £	2022 £
Trade receivables	6,576,777	4,018,914
Prepayments	718,732	533,174
	<u>7,295,509</u>	<u>4,552,088</u>

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

13. Trade and other payables

Amounts falling due within one year:

	2023 £	2022 £
Trade payables	229,160	212,052
Amounts owed to group undertakings	3,485,362	13,418,753
Accruals	1,211,170	826,568
Social security and other taxes	421,101	271,598
Lease Liability	86,872	-
Other creditors	809,871	1,076,349
	<u>6,243,536</u>	<u>15,805,320</u>

The amounts owed to group undertakings are intercompany balances and they accrue no interest and are payable on demand.

The company operates a defined contribution pension scheme and contributions totalling £55,106 (2022: £44,430) were payable to the scheme at the year end.

13. Trade and other payables

Amounts falling due after more than one year

	2023 £	2022 £
Contract liabilities (note 13)	-	61,668
Lease Liability	86,175	-
	<u>86,175</u>	<u>61,668</u>

14. Deferred Income

Contract assets

Amounts falling due within one year:

	2023 £	2022 £
Amounts to be billed to customer	-	-
Total contract assets	<u>-</u>	<u>-</u>

Amounts to be billed to the customer arise where revenue has been recognised in line with the terms of the underlying contract but the Company has not yet invoiced the customer for the services provided.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

<i>Deferred Income</i>	2023 £	2022 £
Amounts falling due within one year:		
Amounts received in advance of delivery of services	15,110,178	13,905,712
Included in current liabilities	15,110,178	13,905,712
Amounts falling due after more than one year		
Amounts received in advance of delivery of services	-	61,668
Included in non-current liabilities	-	61,668
Total trade and other payables	15,110,178	13,967,380

Amounts received in advance of delivery of services relates to amounts paid in advance by customers for the use of software licenses. These amounts will be realised in revenue over the life on the license contract.

15. Share capital

	2023 £	2022 £
Authorised:		
100 ordinary shares of £1 each	100	100
Issued and fully paid:		
100 ordinary shares of £1 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income. There have been no changes in share capital in 2023 and 2022.

16. Reserves

Profit and loss account

The balance in the profit and loss account represents the total reserves of the Company.

Other reserves

Other reserves represents the accumulated profit and loss for the equity-settled share option scheme.

Patsnap (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

17. Equity-settled share option scheme

	2023 £	2022 £
Share based payment (credit)/expense	279,910	302,028

The Company's ultimate parent Patsnap Limited has granted rights to its equity instruments to employees of the company. These arrangements are accounted for as equity settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the company is not charged by its parent.

The Company has taken the exemption under FRS 101 in relation to share based payments, as equivalent disclosures are included in the parent's consolidated financial statements.

18. Borrowings and lease liabilities

Analysis of borrowings and lease liabilities

	2023 £	2022 £
Amounts due for settlement:		
Due under one year	86,872	-
Due after one year	86,175	-

19. Related party transactions

The directors' remuneration, analysed under the headings required by Company law is set out below.

	2023 £	2022 £
Emoluments	-	-

No directors remuneration was paid from Patsnap (UK) Ltd in the year 2023. (2022: NIL). All Directors received remuneration by other Patsnap group companies and it is not practical to allocate their time between entities.

20. Events after the balance sheet date

The directors of the company believe there to be no other non-adjusting post year-end events.

21. Controlling company

The ultimate parent company and controlling party is Patsnap Limited, registered in Cayman and the immediate parent company is Patsnap Pte Ltd, a company incorporated in Singapore.

The largest and smallest group to consolidate these financial statements is Patsnap Pte Ltd, a company incorporated in Singapore. The consolidated financial statements are available to the public and may be obtained from the Company registered office, 75 High Street . #07-00 Singapore 179435.