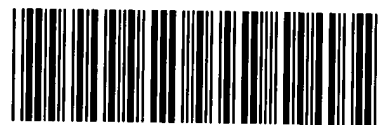


QTEC ANALYTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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QTEC ANALYTICS LIMITED

COMPANY INFORMATION

Directors

D Altschuler
Sir M Davis
J Joffe
S Kappes
Sir H Solomon

Registered number

03047110

Registered office

22 Manchester Square
London
W1U 3PT

Independent auditors

BDO LLP
Newton House
Cambridge Business Park
Cambridge
CB4 0WZ

QTEC ANALYTICS LIMITED

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QTÉC ANALYTICS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 to 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.

Directors

The directors who served during the year were:

D Altschuler
Sir M Davis
J Joffe
S Kappes
Sir H Solomon

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

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

QTEC ANALYTICS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

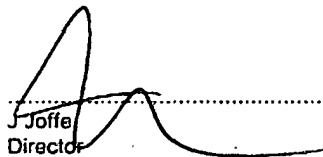
Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 December 2020 and signed on its behalf.


J. Joffe
Director

QTEC ANALYTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QTEC ANALYTICS LIMITED

Opinion

We have audited the financial statements of Qtec Analytics Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

QTEC ANALYTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QTEC ANALYTICS LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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 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.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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.

QTEC ANALYTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QTEC ANALYTICS LIMITED (CONTINUED)

Auditors' 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 auditors' 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.

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

Use of our report

This report is made solely to the Company's members 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 auditors' 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 for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Piers Harrison (Senior Statutory Auditor)

for and on behalf of

BDO LLP, Statutory Auditor

Cambridge, UK

29 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

QTEC ANALYTICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Administrative expenses	(193,627)	(13,092,989)
Other operating income	-	324,151
Operating loss	(193,627)	(12,768,838)
Interest receivable and similar income	3,311	12,087
Loss before taxation	(190,316)	(12,756,751)
Loss for the financial year	(190,316)	(12,756,751)

The notes on pages 9 to 17 form part of these financial statements.

QTEC ANALYTICS LIMITED
REGISTERED NUMBER: 03047110

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Fixed assets			
Investments	5	4,119,373	4,119,373
		<u>4,119,373</u>	<u>4,119,373</u>
Current assets			
Debtors	6	1,016,864	997,267
Cash at bank and in hand	7	158,281	325,829
		<u>1,175,145</u>	<u>1,323,096</u>
Creditors: amounts falling due within one year	8	(8,760,835)	(7,952,771)
Net current liabilities		<u>(7,585,690)</u>	<u>(6,629,675)</u>
Total assets less current liabilities		<u>(3,466,317)</u>	<u>(2,510,302)</u>
Net liabilities		<u>(3,466,317)</u>	<u>(2,510,302)</u>
Capital and reserves			
Called up share capital		1,235,238	1,235,238
Share premium account	9	21,491,181	22,256,880
Profit and loss account	9	(26,192,736)	(26,002,420)
		<u>(3,466,317)</u>	<u>(2,510,302)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 December 2020


J Joffe
Director

The notes on pages 9 to 17 form part of these financial statements.

QTEC ANALYTICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2018	1,235,238	22,256,880	(13,245,669)	10,246,449
Comprehensive income for the year				
Loss for the year	-	-	(12,756,751)	(12,756,751)
At 1 January 2019	1,235,238	22,256,880	(26,002,420)	(2,510,302)
Loss for the year	-	-	(190,316)	(190,316)
Capital reduction	-	(765,699)	-	(765,699)
At 31 December 2019	1,235,238	21,491,181	(26,192,736)	(3,466,317)

The notes on pages 9 to 17 form part of these financial statements.

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

QTec Analytics Limited is a private company incorporated in England and Wales under the Companies Act. The address of the registered office is shown on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management of QTec Analytics Limited to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

2.2 Associates and joint ventures

An entity is treated as an associated undertaking where the Company exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the accounts, interests in associated undertakings are held at cost less impairment.

2.3 Going concern

The financial statements have been prepared under the going concern basis as the directors have prepared projections and forecasts which confirm that the Company can meet its working capital requirements for at least 12 months from the date of signing of these financial statements. While the Company operated at a loss during 2019, it has been supported by shareholder loans in order to ensure the continued operations of the Company, ahead of any anticipated distributions from investments in future from technology, marketing and other resources. The Company continues to closely manage costs.

Potential sources of uncertainty noted by the directors include the COVID-19 pandemic. The directors have reviewed current and forecast future operating cash flows in order to establish the ability of the Company to meet its obligations. Accordingly the directors have continued to prepare the financial statements on the going concern basis.

The Company will continue to use its available existing cash resources in order to fund operating activities for the following financial year, and does not intend to request additional support from shareholders for the next 12 months.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

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

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

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

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

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

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

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

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

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - \$NIL).

The average monthly number of employees, including directors, during the year was 0 (2018 - 0).

4. Directors' remuneration

During the year retirement benefits were accruing to no directors (2018 - none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$316,087 (2018 - \$511,408)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$NIL (2018 - \$NIL)

QTEC ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Fixed asset investments

	Investments in subsidiary companies \$	Investments in associates \$	Total \$
Cost or valuation			
At 1 January 2019	4,701,637	4,119,373	8,821,010
Disposals	(4,701,637)	-	(4,701,637)
At 31 December 2019	-	4,119,373	4,119,373
At 1 January 2019	4,701,637	-	4,701,637
Reversal of impairment	(765,699)	-	(765,699)
Impairment on disposals	(3,935,938)	-	(3,935,938)
At 31 December 2019	-	-	-
Net book value			
At 31 December 2019	-	4,119,373	4,119,373
At 31 December 2018	-	4,119,373	4,119,373

Associates

The following were associates of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Voyager Analytics Ltd	22 Manchester Square, London, UK	Software development and sale	Ordinary	33%
Bionic 8 Analytics Ltd	6 HaHarash St., Hod HaSharon, Israel	Software research and development	Ordinary	33%

Subsidiary Undertakings

In March 2019 there was a reorganisation of the group. Qtec Analytics Limited transferred its membership interests in Qtec Analytics LLC to the Shareholders via a capital reduction (see note 9), and therefore the company no longer holds an interest in Qtec Analytics LLC or its subsidiary Qtec Services Inc, or in Protagonist Technology LLC, in which Qtec Analytics LLC held a 12% investment.

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Debtors

	2019 \$	2018 \$
Due after more than one year		
Other debtors	623,000	635,023
Prepayments and accrued income	38,475	-
	<u>661,475</u>	<u>635,023</u>
Due within one year		
Called up share capital not paid	165,682	165,682
Prepayments and accrued income	29,262	36,117
Tax recoverable	160,445	160,445
	<u>1,016,864</u>	<u>997,267</u>

7. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and in hand	158,281	325,829
	<u>158,281</u>	<u>325,829</u>

8. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Other loans	7,929,495	7,180,000
Trade creditors	60,408	2,335
Corporation tax	3,418	3,418
Other creditors	700,002	713,530
Accruals and deferred income	67,512	53,488
	<u>8,760,835</u>	<u>7,952,771</u>

Other loans, which relate to members contributions, are not repayable unless the conditions included within the loan note instruments, referred to as the 'trigger events', exist. These trigger events are where the company defaults, on an insolvency event or a material adverse change, or on an Exit.

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Capital and reserves

Share premium account

Includes premium on issue of share capital.

In March 2019 as part of the reorganisation of the group, the holding in the shares of Qtec Analytics LLC held by Qtec Analytics Limited was transferred to the shareholders. The disposal of the investment by Qtec Analytics Limited was achieved via a capital reduction through the Share Premium account with a value of \$765,699, which was assessed to be the fair value of the investment at that time.

Other reserves

Includes expenses recognised in relation to share based payments and transfer of these expenses to the Profit and Loss account.

Profit and loss account

Includes all current and prior period retained profits and losses.

QTEC ANALYTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Share based payments

The Company previously operated a share option scheme for executives and senior employees of the Company. In accordance with the plan, options may be granted by the Board to purchase ordinary shares. Each employee share option would have converted to one ordinary share on exercise. No amounts were paid or are payable on receipt of the option and they do not carry rights to dividends or voting rights.

The vesting period is generally four years. Options are forfeited if the employee leaves the Company before the options vest.

Details of the share options outstanding during the year are as follows:

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	-	-	3,206	23,853
Lapsed during the year	-	-	(3,206)	(23,853)
Outstanding at the end of the year	-	-	-	-

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

During the previous year, the remaining share options lapsed and are no longer outstanding.

QTEC ANALYTICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Related party transactions

On 30 September 2014 QTec Analytics Limited entered into a loan agreement with a Director of the Company for \$623,000. The loan bears interest at 1.86% per annum and is nine years in duration. Total accrued interest pertaining to this loan was \$50,778 (2019: \$35,470). Interest receivable charged to the profit and loss was \$12,330 (2019: \$12,087). Tax recoverable of \$160,445 (2019: \$160,445) and Unpaid Share Capital of \$165,682 (2019: \$165,682) are also receivable from a Director of the Company.

As part of the group reorganisation in March 2019, QTec Analytics Limited waived the amount receivable from QTec Analytics LLC. The total amount waived at the date of restructure was \$14,851,323 although \$14,531,967 was provided for in the 2018 accounts resulting in a charge of \$319,356 in the 2019 accounts

12. Post balance sheet events

Between the accounting period end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally. The impact of COVID-19 could create a continued material adverse impact on economic and market conditions, which in turn may impact the financial performance of the company.

While the company considers these disruptions to be temporary, if they continue, the COVID-19 pandemic may adversely affect financial performance for the fiscal year 2020.

For more detail regarding the directors' view of this event please refer to the Director's Report.

13. Controlling party

The controlling parties are the directors.