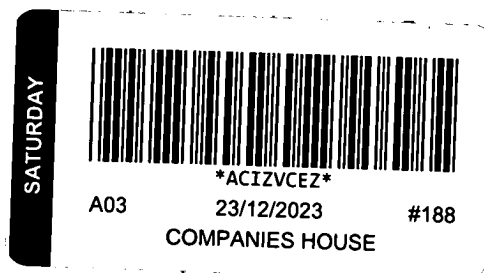


Quantexa Limited
Annual Report and Financial Statements
Year Ended 31 March 2023
Company Number 10045407



Quantexa Limited

Company Information

Directors	I Hoque (resigned 14 August 2023) E W A Lascelles V K Marria N M Donofrio N B Fiore R Seewald C W Bell A K Sarma A G Bexiga (appointed 13 July 2022) B Engle (appointed 19 April 2023) J McAdam (resigned 13 July 2022)
-----------	---

Registered Number	10045407
-------------------	----------

Registered Office	Hill House 1 Little New Street London EC4A 3TR
-------------------	---

Independent Auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
---------------------	---

Quantexa Limited

Contents

Strategic Report	1
Directors' Report	8
Independent Auditor's Report to the Members of Quantexa Limited	14
Consolidated Statement of Comprehensive Income	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Statement of Changes in Equity	22
Company Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Financial Statements	25

Quantexa Limited
Strategic Report
For the Year Ended 31 March 2023

Introduction

The Directors present the Strategic Report and the consolidated financial statements of Quantexa Limited and its subsidiaries ("Quantexa", the "Group") for the year ended 31 March 2023.

Quantexa's mission is to empower our customers through decision intelligence solutions to make their data more meaningful in order that they can realise its value in strategic and operational decision-making. The Group has a well-defined strategy to deliver software products and solutions to drive growth in the large and growing Decision Intelligence market.

Summary and Outlook

The Group delivered strong growth in all key strategic regions and sectors in the financial year ended March 2023, achieved through direct sales, or indirectly with our key sales and delivery partners. During FY23, continued investment in this area resulted in expanded professional services delivery capacity as part of our Go-To-Market strategy and a growing indirect channel pipeline of new business.

Quantexa's business and growth outlook remain positive, including plans to pursue further expansion in Banking, Insurance, Government and Telecommunications. The Group also intends to further increase investment in key North American, EMEA and Asia Pacific markets, including new country office openings to extend its regional and global footprint.

The Group continues to expand its global presence in order to support our operations and global customer base worldwide.

Financial review

Introduction

The financial results for FY23 reflect a year of strong revenue growth. Licence revenue increased due to new customer acquisitions, as well as expansion with our existing customer base. Professional Service revenues grew with support from the increased delivery capacity available from our technical employees and integration partners.

Revenue

Recognised revenue for the year ended 31 March 2023 increased by 56% to £57.9m (FY22: £37.2m).

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Financial review (continued)

Operating loss

The operating loss for FY23 was £55.5m (FY22: £26.9m loss), which includes share-based payments of £5.4m (FY22: £2.0m). The loss from operations was largely driven by investment in hiring new employees and building group infrastructure, both locally and in our international businesses.

Statement of financial position

Deferred income, which is the value of invoiced less recognised revenue, increased by 85% to £26.4m (FY22: £14.3m), reflecting the growth in business.

Trade and other receivables increased by 101% to £36.4m (FY22: £18.1m).

Included within other receivables is tax recoverable relating to R&D enhancements under the SME scheme and RDEC scheme. Intangible assets, representing capitalised development costs relating to the development of software, increased to £3.4m net book value (FY22: £1.9m net book value).

Cash

Cash and cash equivalents at 31 March 2023 were £41.2m (FY22: £94.3m).

Key Performance Indicators (KPIs)

The Group sets and monitors business targets using a framework of Objectives and Key Results ("OKRs"), tracked using KPIs to identify underlying trends in trading performance and to benchmark progress against key objectives and competitors. A selection of the most important of these KPIs are described below. The following KPIs are not defined under UK GAAP and are not intended to be a substitute for any UK GAAP measures of performance, but have been included as management considers them to be important measures in assessing the performance of the Group. KPIs do not have standardised definitions and therefore may not be comparable to similar measures presented by other companies. Where appropriate and practical, a reconciliation to UK GAAP measures is provided.

Committed Annual Recurring Revenue ("CARR") is the annual proration of licence revenue as of the measurement date. It is the annual committed subscription value of all contracts with customers for which the Group is entitled to recognise revenue, including any contractual commitments to increase or decrease subscription prices in future periods. CARR is used to measure the annual recurring revenue generated from customer contracts that have been signed and committed to over a specific period. It is the main indicator of the predictable revenue stream for future periods in relation to our existing customer base. CARR was £54.8m at 31 March 2023, an increase of 62% over the prior year period (FY22: £33.9m).

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Key Performance Indicators (KPIs) (continued)

Net Retention Rate ("NRR") is the sum of Annual Recurring Revenue ("ARR") of all customers that were customers one year prior divided by the ARR for the same customers one year prior to the measurement date. ARR is the annual proration of licence revenue as of the measurement date. It is the annual committed subscription value of all contracts with customers for which the Group is entitled to recognise revenue. NRR was 142% in the financial year ended 31 March 2023 (FY22: 145%), excluding any gains or losses from exchange rate fluctuation.

The Group also tracks Customer Retention Rates ("CRR"); as the percentage of prior period close customers, to analyse the percentage of revenue resulting from customers who remain customers of the Group, within a given time frame. This indicator provides insights into the ability of the Group to keep its existing customers and maintain customer loyalty over time. A high CRR typically indicates that a business is successful in retaining its customers, and generating customer revenue over time, it has good levels of customer satisfaction and loyalty. For the year ended 31 March 2023, CRR was 97% (FY22: 96%).

In summary, these KPI's show significant growth in new customer acquisition, strong product and solution adoption across our customer base and strong customer retention as demonstrated by the growth in revenues from the existing customer base.

Principal Risks and Uncertainties

Global Economic Environment

Over the past year the global economy has seen increased rates of inflation and higher interest rates, which have created an increased level of concern about the outlook for global economic growth and the potential for recession. Quantexa closely monitors these economic indicators as they influence customer demand, order cycles, investment behaviour and the cost of capital, given our customers and the Group are variously impacted by the changes to them.

Conflict in Russia and Ukraine

Quantexa does not have financial ties with Russia or Ukraine, nor does the Group have a customer base in these regions. The Business Continuity team has, and continues to closely monitor the Russia/Ukraine conflict. The Group believes that there is no immediate risk or direct impact to Quantexa or its staff.

Conflict in Israel and Palestine

Quantexa is actively monitoring the situation in Israel and Palestine through a combination of news sources, geopolitical analysis and intelligence reports, given the potential impact of the conflict on global markets, supply chains and business operations. The Group is actively engaged in real-time monitoring of the situation. Given the Group does not have any direct end customers in either country, we do not currently consider there to be a direct impact to the Group's business, employees or operations.

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Principal Risks and Uncertainties (continued)

Cybersecurity threats and data breaches

Quantexa employs a multifaceted approach to mitigate technological risks and to safeguard our operations. This includes robust cybersecurity measures, including the implementation of advanced firewalls, antivirus software, and intrusion detection systems. Regular security audits and vulnerability assessments help identify and address potential weaknesses. Ensuring our employees are well trained and are aware of potential cyber security risks plays a crucial role in cultivating a cybersecurity-conscious culture, thereby helping to reduce the risk of security breaches.

Non-Financial and Sustainability Information Statement

Environmental, Social and Governance ("ESG")

Quantexa is committed to making the world safer and more secure using software developed to combat crime through better KYC and the prevention of money laundering and fraud. In the digital era, this commitment applies to our work on the internet, as well as in the physical world.

As Quantexa aspires to achieve a more sustainable future for all, the Group set out the following practices and guidelines, which our employees and stakeholders are expected to adopt and subscribe to:

- Commit to reducing emissions to achieve Net Zero by 2050.
- Perform an annual review and publish a "Responsibility Report" to include:
 - Environmental: carbon reduction strategy and systemic environmental initiatives;
 - Social: diversity & inclusion metrics reporting; and
 - Governance: Anti-Bribery, Corruption and Corporate Social Responsibility metrics and reporting.
- Commit to investing in the training and awareness of all staff in managing environmental, social and governance risks.
- Implementing and adhering to various policies and procedures to reduce greenhouse gas emissions, energy use, water use, waste generation, consumption of finite natural resources and pollution of land, air, and water.
- Where possible, assist in the protection and damage limitation to nationally or internationally protected areas, including UNESCO World Heritage sites, Ramsar sites, Man & Biosphere sites, and FSC High Conservation Value Forests; and, furthermore where possible, including damage to plants and animals listed on the IUCN Red List of critically endangered species.

Quantexa understands these ESG considerations are an urgent matter and our stakeholders expect us to adhere to the published policies and guidelines. Quantexa is committed to help to fight climate change and to protect the environment. More information can be found in the Streamlined Energy and Carbon Reporting (SECR) section below.

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Information security

The Group's Board of Directors and the Senior Management team, represented by the Head of Information Security and the Information Security Steering Group (ISSG), fully endorse all information security policies and standards, and expect them to be adhered to across the business. Prescribed controls are implemented throughout the organisation, supporting the continuous review and improvement of the Information Security Management System (ISMS).

Quantexa currently meets and exceeds the ISO/IEC 27001 standard requirements and certifies to the NCSC requirements for Cyber Essentials +. Quantexa has also obtained the AICPA SOC 2 Type 1 and AICPA SOC for Supply Chain.

Section 172(1) statement

This section describes how the Company has engaged with and considers the interests of our key stakeholders when exercising our duty to promote the success of the Company under section 172(1) of the Companies Act 2006. The Company believes that considering our stakeholders in key business decisions is fundamental to driving value creation over the longer term.

The principles behind section 172 are considered at Board level and embedded throughout the Company to promote its success for the benefit of all stakeholders.

In doing this, the Directors must have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Shareholders & Investors	<p>Securing our shareholders' trust through continuous engagement helps to ensure their ongoing investment and support.</p> <p>The Finance, Audit & Risk Committee has oversight of internal and external audit processes, ensuring the business' internal framework of controls is sufficient to protect shareholder investments, and that the presentation of the financial statements provides investors with an accurate, fair and balanced view of performance, strategy and operations.</p> <p>Quantexa's Advisory Board comprises leading industry experts that provide a breadth of knowledge and strategic expertise to help navigate the Company through prevailing market changes and its rapid scaling.</p> <p>The Board is partially represented by investors, and Board Meetings are therefore the primary opportunity to interact with investors, who have the</p>
-------------------------------------	---

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Section 172(1) statement (continued)

Shareholders & Investors (continued)	<p>opportunity to provide their input on the business' strategy through board discussions informed by materials prepared by management and the circulation of monthly management accounts and performance analysis.</p>
Fostering business relationships with suppliers & customers	<p>Fostering business relationships with key external stakeholders, such as customers and suppliers, is recognised as a critical focus for the management and employees throughout the year. Maintaining and increasing the enthusiasm and loyalty of customers and suppliers for Quantexa helps to ensure the short and medium term success of our business.</p> <p>The Company has launched 'Quantexa Community', a centralised collaboration platform to connect and engage with our customers and partners. As part of the broader digital experience strategy, this has improved and simplified Quantexa's digital experience for our customers and partners by making it easier to find the right information at the right time.</p> <p>Our Board takes an active approach in measuring customer satisfaction by collecting and soliciting feedback from customers and their stakeholders, in an effort to understand customer needs and requirements, and to improve their overall customer experience.</p> <p>Our partners provide avenues to expand our reach and access to new customers, both, in the UK and internationally. In addition Quantexa has partners assessing and supporting our operations, to ensure constant evolution and improvement. The Company's partner relationships are often long-term, and the directors and their teams meet with key partners to maintain and help further develop strategic relationships.</p>
Employees	<p>Quantexa is committed to continuous employee engagement and encourages collaboration and transparency through multiple channels means of communication, such as one-to-one meetings, email correspondence and regular Company updates.</p> <p>Employee engagement is a primary focus for the directors and management of the Company, connecting employees to the group's strategy and purpose, and enabling them to contribute to our business performance. Quantexa keeps the Company's employees informed through updates hosted by the Chief Executive Officer, Chief Financial Officer and the Leadership Team, which helps to drive communication and awareness across the business, highlighting key business strategies, commercial wins, colleague recognition and introducing new colleagues who have joined the Company. This provides an opportunity for our employees to ask real time questions to our Leadership Team.</p> <p>The Leadership Team continues to place high importance on the feedback and insights of its employees. In support of this, Peakon, a tool to help monitor both employee engagement and wellbeing, is used to perform</p>

Quantexa Limited

Strategic Report

For the Year Ended 31 March 2023 (continued)

Section 172(1) statement (continued)

Employees (continued)	<p>quarterly surveys, as well as monthly pulse surveys, enabling us to listen to our colleagues and address key concerns as quickly as possible. Colleague surveys are conducted on a number of occasions throughout the year in order to maintain ongoing engagement and gather feedback, with survey results reported to the Board. The Board is pleased to note that the results of these surveys confirm a high degree of satisfaction and a strong sense of engagement, demonstrated by an engagement score of 8.2 (FY22: 8.2) and a Net Promoter Score ("NPS") of (FY22: 50) in the financial year ended 31 March 2023.</p> <p>With a focus on developing teams around individuals' strengths and identifying best fit candidates, Quantexa has also introduced McQuaig, a psychometric testing tool, designed to develop, provide insights and help strengthen our corporate and employee culture.</p>
Communities and society	<p>Quantexa is committed to making the world safer and more secure using software developed to combat financial and other crime through detection technology. through better KYC and the prevention of money laundering and fraud. In the digital era, this commitment applies to our work on the internet, as well as the physical world.</p> <p>Please refer to the ESG Section of the Strategic Report for more information.</p>

This report was approved by the board on 21st December 2023 and signed on its behalf:

DocuSigned by:

CFDA501AD8E64F6...
V K Marria
Director

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The loss for the year, after taxation, amounted to £54,233,596 (FY22: loss £26,292,883).

The Directors do not recommend payment of a dividend. (FY22: £Nil).

Directors

The directors who served during the year and to the date of this report were:

I Hoque (resigned 14 August 2023)
E W A Lascelles
V K Marria
N M Donofrio
N B Fiore
R Seewald
C W Bell
A K Sarma
A G Bexiga (appointed 13 July 2022)
B Engle (appointed 19 April 2023)
J McAdam (resigned 13 July 2022)

Financial risk management

Due to the nature of Quantexa's business and commercial model, it is exposed to various enterprise risks, which are monitored and managed in accordance with the Group's Enterprise Risk framework, which seeks to mitigate such risks where at all possible. The Board of Directors establishes the principles and monitors the Group's financial risk management policies and procedures, which comprise objectives and risk tolerance limits for financial management purposes.

Price risk

Management continues to monitor the market and the trading environment in which the Group operates and seeks to respond to any change in the market or trading environment with a view to mitigating the risk to the Group's product and resource pricing that might arise from such changes.

Liquidity risk and cash flow risk

The Group manages liquidity risk and cash flow, regularly monitoring the performance of sales, new and existing customer wins, as well as overall business performance, against the financial resources and fundraising prospects available to the Group. Refer to note 2.3 for further information.

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023 (continued)

Credit risk

The Group's commercial and financial transactions inherently give rise to some credit risk exposure, which is primarily attributable to its trade debtors. Credit risk is managed by continuously monitoring payments against contractual agreements and ensuring a thorough credit score check is conducted on all new and existing customers.

Research and development activities

Throughout the past fiscal year, Quantexa continued to invest in the development and evolution of its Decision Intelligence Platform.

The Research & Development department works across all the areas of the platform from the core technology stack, entity resolution and the user interface, as well as focusing on tooling and best practice for data ingestion and analytics. The team remains at the forefront of Quantexa's product innovation, evolution, and development, building testing frameworks, executing quality control and further developing architecture and solutioning models.

In February 2023, Quantexa acquired Aylien Limited, a Dublin-based leader in natural language processing (NLP) and advanced AI, to empower its customers to collect, analyse, and understand unstructured text data. Combining Aylien's advanced AI and Natural Language Processing (NLP) capabilities with Quantexa's Decision Intelligence Platform will help facilitate customers' ability to unify structured and unstructured datasets in order to augment and automate decision intelligence.

Engagement with employees

Quantexa ended the fiscal year ended March 2023 with 625 employees, compared to 474 at the end of FY22, a 32% increase year-over-year. The percentage of female employees was 24% of the total directly employed headcount (FY22: 24%). The Group tested and launched hybrid working across all regions during the pandemic, and has since maintained a flexible working policy, ensuring all employees are provided with equipment and training to enable them to work remotely when efficient for them to do so.

The Group communicates on a regular basis with its employees through All Hands meetings, management briefings and other ad hoc meetings. Further details are included in the s172 section of the Strategic Report.

Disabled employees

The Group values the individual contribution of all employees and prospective employees from all sectors of the community. The Group recognises its social, moral and statutory duties to employ people with disabilities and not to subject them to any disadvantage in the workplace. The Group is committed to continuously supporting employees with disabilities by providing appropriate equipment, technology and any additional training as required.

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023 (continued)

Streamlined Energy and Carbon Reporting (SECR)

Calculation Methodology

The Company has completed a report to meet the Streamlined Energy and Carbon Reporting (SECR) standards for the period 1st April 2022 to 31st March 2023. This is the second year that the Company meets the qualification criteria as a large unquoted group. As per SECR requirements, energy activities have been tracked in the UK and greenhouse gas ("GHG") emissions have been calculated using the appropriate emissions factors from BEIS's 2021 Government Conversion Factors. This work has been completed in line with the GHG Protocol guidance and covers all the Scope 1 and 2 emissions, under the Company's operational control. The Company does not have any fuel-based data for transport, so this has been calculated using a spend-based approach, alongside all other business travel under scope 3. This is voluntarily reported, alongside additional Scope 1 and 3 emissions for completeness. The Company will also be reporting its global GHG emissions in its annual ESG report.

	FY23	FY22
GREENHOUSE GAS EMISSIONS - Required under SECR		
Stationary and mobile combustion of gas (tCO ₂ e) - scope 1	32.9	24.0
Electricity purchased for company's own use (tCO ₂ e) - scope 2 (location based)	73.4	59.0
Total GHG emissions (tCO ₂ e)	<u>106.3</u>	<u>83.0</u>
Intensity factor (tCO₂e/£m revenue)	3.4	3.5
GREENHOUSE GAS EMISSIONS - Voluntary under SECR		
Other scope 1 emissions e.g. refrigerants (tCO ₂ e)	-	0.0
Electricity purchased for company's own use (tCO ₂ e) - scope 2 (market based)	-	-
Business travel emissions (tCO ₂ e) - scope 3	1,091.2	141.0
Commuting emissions (tCO ₂ e) - scope 3	89.5	49.0
Purchased goods and services emissions (tCO ₂ e) - scope 3	1,854.2	995.0
Waste emissions (tCO ₂ e) - scope 3	3.1	0.3
Other fuel and energy related emissions (tCO ₂ e) - scope 3	26.8	7.5
Total GHG emissions (tCO ₂ e) - total emissions used a market based scope 2	<u>3,064.8</u>	<u>1,192.8</u>
Intensity factor (tCO₂e/£m revenue)	98.0	52.0
ENERGY CONSUMPTION		
Stationary and mobile combustion using gas (kWh)	190,131	131,007
Electricity purchased for company's own use (kWh)	345,134	279,117
Total energy consumption (kWh)	<u>535,266</u>	<u>410,124</u>
Intensity factor (kWh /£m revenue)	17,116	17,452

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023 (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Efficiency Narrative

In line with the Company's growth, Quantexa has worked towards emission reduction in FY23 by acting to better understand and improve the energy efficiency of its operations.

Understanding the challenges associated with shared office space, Quantexa developed more in-depth relationships with its shared office provider. These relationships enable a deeper focus to be placed on energy usage and savings, including broader use of renewable energies and sustainability across all office locations. An example of this is the use of passive InfraRed lighting systems alongside smart lighting controls, helping to conserve electricity across all locations.

In addition, Quantexa has partnered with both Altruistiq and Ecologi to assist in the management of all sustainability requirements and to fund climate solutions directly, helping to reduce or remove carbon emissions with a carbon offset programme.

Additional initiatives include:

- Empowering teams to make sustainable decisions both at work and at home;
- Encouraging employees to use more sustainable means of transport when commuting to the office; and
- Reducing carbon emissions through individual accountability for emissions from business travel.

Quantexa aims to continue to improve energy efficiency and will continue to focus on a reduction in emissions from all locations.

Qualifying third party indemnity provisions

The Group maintains appropriate Directors' & Officers' Liability insurance on behalf of its Directors. In addition, individual qualifying third party indemnities are given to the Directors which comply with the provisions of Section 234 of the Companies Act 2006, and were in force throughout the year and up to the date of signing the Directors' Report.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated 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'. In accordance with 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 the Group and of the profit or loss of the Group for that period.

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023 (continued)

Directors' responsibilities statement (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and to disclose with reasonable accuracy at any time the financial position of the Group and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters covered in the Strategic Report

Information on how the Directors have had regard for the Group's business relationships with suppliers, customers and others, the impact this has had on the principal decisions made in the year, and the likely future developments in the business of the Group are contained within the Strategic Report on pages 1 to 7.

Going concern

The Group's financial statements have been prepared on a going concern basis.

During FY23, the Group reported a loss of £54.9m (FY22: £26.8m). The loss reflects the continued investment the Group is making in research and development, sales and marketing in order to maintain rapid growth in new regions, while creating best in class products and solutions for its customers.

The Directors continue to monitor and evaluate any direct consequences the Group may incur relating to global conflict and climate change. The Directors have determined that these do not create a material uncertainty or cast doubt on the ability of the Group to continue on a going concern basis of accounting for at least twelve months from the date of signature.

The Directors have reviewed the Group's cash flow forecasts, taking into account the likely future developments of the Group, and have reasonable expectations that the Group will have adequate resources to meet its obligations as they fall due for a minimum of twelve months from the date of signature. Quantexa currently has no debt or customers in default.

Quantexa Limited

Directors' Report

For the Year Ended 31 March 2023 (continued)

Going concern (continued)

The Group manages liquidity risk by regularly monitoring the performance of sales, new and existing customer wins, as well as overall business performance, against the financial resources and fundraising prospects available to the Group.

Branches outside the United Kingdom

Quantexa Limited operates a branch in Poland.

Post balance sheet events

In April 2023, Quantexa closed a Series E funding round and raised \$129m (£104m), \$99.0m (£80m) of which was received by the Company and the balance of \$30m (£24m) being realised by existing shareholders. Based on this injection of cash, the Directors have budgeted for further investments in the business during the next financial year.

Since April 1 2023, Quantexa has incorporated entities in Switzerland, France and Japan to continue its global expansion plan.

Disclosure of information to auditor


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 Group and the Group's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Group and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, were reappointed during the year in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21st December 2023 and signed on its behalf:

DocuSigned by:

CFDA501AD8E84F6...

V K Marria
Director

Quantexa Limited

Independent Auditor's Report to the Members of Quantexa Limited

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Quantexa Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 Group or Parent 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.

Quantexa Limited

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 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 auditor's 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.

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.

Other Companies Act 2006 reporting

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 the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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' Report, 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.

Quantexa Limited

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be FRS 102 and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK company law as it applies to Limited Companies and UK tax legislation

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of valuations specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred

Quantexa Limited

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to detecting and responding to the risks of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, valuation of investment, Intangible assets and improper recognition of revenue.

Our procedures in respect of the above included:

- In relation to the risk of management override of controls, we performed journal entry testing using data analytics and selecting samples based on unique characteristics of the journal entries;
- Assessing significant estimates made by management for bias specifically the valuation of investment and development cost; and
- In relation to the risk of improper revenue recognition, we tested the revenue throughout the year through substantive testing on a sample basis.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Quantexa Limited

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



823F4A29B9CA448...

22 December 2023

Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

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

Quantexa Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2023

		2023	2022
	Note	£	£
Turnover	4	57,858,272	37,177,221
Cost of sales		(22,933,993)	(14,543,294)
Gross profit		34,924,279	22,633,927
Administrative expenses		(93,501,249)	(52,686,702)
Other operating income	5	3,124,911	3,103,744
Operating loss	6	(55,452,059)	(26,949,031)
Interest receivable and similar income	10	1,242,066	75,643
Interest payable and similar expenses	11	(788)	(807)
Loss before taxation		(54,210,781)	(26,874,195)
Tax (charge) / credit on loss	12	(22,815)	581,312
Loss for the financial year		(54,233,596)	(26,292,883)
Foreign currency translation		(629,088)	(545,772)
Other comprehensive loss for the year		(629,088)	(545,772)
Total comprehensive loss for the year		(54,862,684)	(26,838,655)
Total comprehensive loss for the year attributable to:			
Owners of the parent Company		(54,862,684)	(26,838,655)

All amounts relate to continuing activities. The notes on pages 25 to 49 are an integral part of these financial statements.

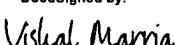
Quantexa Limited

Consolidated Balance Sheet

For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Goodwill	13	7,977,027	-
Intangible assets	13	3,387,297	1,900,027
Tangible assets	14	<u>944,957</u>	<u>602,488</u>
		12,309,281	2,502,515
Current assets			
Debtors	16	36,416,829	18,116,420
Cash at bank and in hand	17	<u>41,210,248</u>	<u>94,274,175</u>
		77,627,077	112,390,595
Creditors: amounts falling due within one year	18	<u>(54,211,433)</u>	<u>(29,746,521)</u>
Net current assets		23,415,644	82,644,074
Total assets less current liabilities		<u>35,724,925</u>	<u>85,146,589</u>
Net assets		<u>35,724,925</u>	<u>85,146,589</u>
Capital and reserves			
Called up share capital	19	1,659	1,659
Share premium account	20	137,542,516	137,542,516
Foreign exchange reserve	20	(841,164)	(212,076)
Profit and loss account	20	<u>(100,978,086)</u>	<u>(52,185,510)</u>
Shareholders' funds		<u>35,724,925</u>	<u>85,146,589</u>

The notes on pages 25 to 49 are an integral part of these financial statements. The financial statements on pages 20 to 49 were authorised for issue by the board of directors on 21st December 2023 and were signed on its behalf:

DocuSigned by:

 CFDA501AD8E64F6...

V K Marria
 Director
 Registered no. 10045407

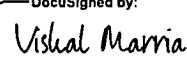
Quantexa Limited

Company Balance Sheet

For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	3,387,297	1,900,027
Tangible assets	14	575,428	400,777
Investments	15	7,353,604	503,123
		<u>11,316,329</u>	<u>2,803,927</u>
Current assets			
Debtors	16	77,233,940	43,721,021
Cash at bank and in hand	17	30,689,399	87,997,801
		<u>107,923,339</u>	<u>131,718,822</u>
Creditors: amounts falling due within one year	18	<u>(38,025,330)</u>	<u>(26,266,589)</u>
Net current assets		69,898,009	105,452,233
Total assets less current liabilities		81,214,338	108,256,160
Net assets		81,214,338	108,256,160
Capital and reserves			
Called up share capital	19	1,659	1,659
Share premium account	20	137,542,516	137,542,516
Profit and loss account	20	<u>(56,329,837)</u>	<u>(29,288,015)</u>
Shareholders' funds		81,214,338	108,256,160

The Company has elected to take the exemption under section 408 of the Companies Act 2008 from presenting the parent company profit and loss account. The Company's loss after tax for the year ended 31 March 2023 was £32,482,842 (FY2022: £17,839,628). The notes on pages 25 to 49 are an integral part of these financial statements. The financial statements on pages 20 to 49 were authorised for issue by the board of directors on 21st December 2023 and were signed on its behalf:

DocuSigned by:

 CFDA501AD8E64F6...

V K Marria

Director

Registered no. 10045407

Quantexa Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2023

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Shareholders' funds
	£	£	£	£	£
Balance as at 1 April 2021	1,411	50,459,775	333,696	(27,905,047)	22,889,835
Comprehensive loss for the year:					
Loss for the year	-	-	-	(26,292,883)	(26,292,883)
Foreign exchange difference	-	-	(545,772)	-	(545,772)
Total comprehensive loss for the year	-	-	(545,772)	(26,292,883)	(26,838,655)
Contributions by and distributions to owners					
Shares issued during the year	248	87,082,741	-	-	87,082,989
Share based payment	-	-	-	2,012,420	2,012,420
Total transactions with owners	248	87,082,741	-	2,012,420	89,095,409
Balance as at 31 March 2022 and 1 April 2022	1,659	137,542,516	(212,076)	(52,185,510)	85,146,589
Comprehensive loss for the year					
Loss for the year	-	-	-	(54,233,596)	(54,233,596)
Foreign exchange difference	-	-	(629,088)	-	(629,088)
Total comprehensive loss for the year	-	-	(629,088)	(54,233,596)	(54,862,684)
Contributions by and distributions to owners					
Shares issued during the year	-	-	-	-	-
Share based payment	-	-	-	5,441,020	5,441,020
Total transactions with owners	-	-	-	5,441,020	5,441,020
Balance as at 31 March 2023	1,659	137,542,516	(841,164)	(100,978,086)	35,724,925

The notes on pages 25 to 49 are an integral part of these financial statements.

Quantexa Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2023

	Called up share capital	Share premium account	Profit and loss account	Shareholders' funds
	£	£	£	£
Balance as at 1 April 2021	1,411	50,459,775	(13,460,807)	37,000,379
Comprehensive loss for the year:				
Loss for the year	-	-	(17,839,628)	(17,839,628)
Foreign exchange difference	-	-	-	-
Total comprehensive loss for the year	-	-	(17,839,628)	(17,839,628)
Contributions by and distributions to owners				
Shares issued during the year	248	87,082,741	-	87,082,989
Share based payment	-	-	2,012,420	2,012,420
Total transactions with owners	248	87,082,741	2,012,420	89,095,409
Balance as at 31 March 2022 and 1 April 2022	1,659	137,542,516	(29,288,015)	108,256,160
Comprehensive loss for the year				
Loss for the year	-	-	(32,482,842)	(32,482,842)
Foreign exchange difference	-	-	-	-
Total comprehensive loss for the year	-	-	(32,482,842)	(32,482,842)
Contributions by and distributions to owners				
Shares issued during the year	-	-	-	-
Share based payment	-	-	5,441,020	5,441,020
Total transactions with owners	-	-	5,441,020	5,441,020
Balance as at 31 March 2023	1,659	137,542,516	(56,329,837)	81,214,338

The notes on pages 25 to 49 are an integral part of these financial statements.

Quantexa Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2023

	2023	2022
	£	£
Cash flows used in operating activities		
Loss for the financial year	(54,233,596)	(26,292,883)
Adjustments:		
Amortisation of intangible assets	643,905	389,613
Depreciation of tangible assets	390,329	256,788
Interest paid	788	807
Interest received	(1,242,066)	(75,643)
Taxation charge / (credit)	22,815	(581,312)
R&D tax credit	(3,122,221)	(3,078,026)
Other gains	(4,960,433)	-
Share based payment expense	5,441,020	2,012,420
Increase in debtors	(9,339,920)	(4,676,008)
Increase in creditors	20,625,753	6,976,374
Corporation tax paid	(22,815)	(7,616)
Transfer of investments in cash	-	17,000,000
Net cash used in operating activities	(45,796,441)	(8,075,486)
Cash flows used in investing activities		
Purchase of subsidiary, net of cash acquired	(5,431,436)	-
Purchase of intangible fixed assets	(2,053,943)	(942,866)
Purchase of tangible fixed assets	(797,490)	(567,064)
Interest received	1,242,066	67,692
Net cash used in investing activities	(7,040,803)	(1,442,238)
Cash flows from financing activities		
Issue of ordinary shares	-	87,082,989
Interest paid	(788)	(807)
Net cash (used in) / generated from financing activities	(788)	87,082,182
Net (decrease)/increase in cash and cash equivalents	(52,838,032)	77,564,458
Cash and cash equivalents at the beginning of the year	94,274,175	17,255,489
Effects of foreign exchange	(225,895)	(545,772)
Cash and cash equivalents at the end of the year	41,210,248	94,274,175
Cash and cash equivalents at the end of the year comprise of:		
Cash at bank and in hand	41,210,248	94,274,175
	41,210,248	94,274,175

The notes on pages 25 to 49 are an integral part of these financial statements.

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023

1. General Information

Quantexa Limited is a private company incorporated in England and Wales under the Companies Act 2006. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report.

2. Summary of significant accounting policies

2.1. Basis of preparation of financial statements

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

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

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

2.2 Basis of consolidation (continued)

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- no cash flow statement, statement of comprehensive income or net debt reconciliation has been presented for the Parent Company;
- disclosures in respect of the details of the Parent Company's share based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

2.3 Going concern

The Group's financial statements have been prepared on a going concern basis.

During FY23, the Group reported a loss of £54.9m (PY: £26.8m). The loss reflects the continued investment the Group is making in research and development, sales and marketing in order to maintain rapid growth in new regions whilst creating best in class products and solutions for its customers.

The Directors continue to monitor and evaluate any direct consequences the Group may incur relating to global conflict and climate change. The Directors have determined that these do not create a material uncertainty or cast doubt on the ability of the entity to continue on a going concern basis of accounting for at least twelve months from the date of signature.

The Directors have reviewed the Group's cash flow forecasts, taking into account the likely future developments of the Group, and have reasonable expectations that the Group will have adequate resources to meet its obligations as they fall due for a minimum of twelve months from the date of signature. Quantexa currently has no debt, or customers in default.

The Group manages liquidity risk by regularly monitoring the performance of sales, new and existing customer wins, as well as overall business performance, against the financial resources and fundraising prospects available to the Group.

2.4 Turnover

Revenue is measured as the fair value of consideration we expect to be entitled to, in exchange for transferring products or providing services to our customers and is recognised when the significant risks and rewards are transferred.

We account for contracts with our customers when both parties have approved the contract and are committed to perform their respective obligations, each party's rights regarding products and services to be transferred are identified, payment terms are identified, the contract has commercial substance and

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

2.4 Turnover (continued)

collection of consideration is probable. We utilise written contracts as the means to establish the terms and conditions by which our products, product updates and support and/or professional services are sold.

Our revenues are generated primarily from licensing our software, providing product updates and support related to our licensed products, as well as providing professional services to our customers.

2.5 Software licence fees

Our software licence revenues are primarily offered on term based licences including support and regular updates, under which we grant customers the right to use the software for a specified period and provide the required support for the same period. Given the nature of the products provided and the updates and support it is considered to be one complete solution to our customers compliance requirements and so recognised over time.

2.6 Professional services

We also provide professional services, including system implementation and integration services, consulting and training. Our consulting products are contracted for in conjunction with the licensing of our software products and/or on a stand alone basis.

Some of our professional services are provided under time and materials contracts, and the related revenues are recognised as the services are provided. The remaining contracts are specified on a fixed fee basis.

Our fixed price service contracts are typically recognised on a proportional performance basis. For these fixed price projects, progress is measured based on project milestones achieved. When it cannot be demonstrated that services meet the criteria of recognition over time, revenue from a fixed price engagement is recognised only at points in time when the customer obtains the rights and obligations associated with the contracted products.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Intangible assets

Intangible assets represent the capitalised development costs related to the development of software. In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

2.8 Intangible assets (continued)

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Where capitalised intangible assets are amortised over 5 years, the period over which the Group anticipates receiving benefit from the software. Amortisation is charged to 'Administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.9 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as stated below.

Depreciation is provided on the following bases:

Leasehold improvements	2 years	Straight line method
Fixtures and fittings	2 years	Straight line method
Computer equipment	3 years	Straight line method

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

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

2.12 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

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

2.12 Cash and cash equivalents (continued)

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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, such as 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 outright 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 that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

2.14 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.

2.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average 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.

Gains and losses

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in the foreign exchange reserve.

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss 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.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

2.16 Share based payments (continued)

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 Group 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 or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.17 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.20 Other income

Other income is recognised in the Consolidated Statement of Comprehensive Income when turnover is not attributable to the principal activity of the Group.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

2.21 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.23 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Contingent

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

2.23 Business combinations and goodwill (continued)

consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably.

On acquisition of a business, fair values are attributed to identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights.

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ("CGUs") that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

3 Critical accounting judgements and estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Development costs - the Group invests in new product development and where it is determined to be allowable these development costs are capitalised. See note 13 for the carrying values of capitalised development costs.
- Determine the fair value of the share options at the grant date through estimating the share value at the grant date taking into account the value of the Company and comparable companies.

Other key sources of estimation uncertainty:

- Intangible fixed assets useful economic life (see note 13)
Intangible fixed assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and product life cycles are taken into account.
- Tangible fixed assets useful economic life (see note 14)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

4 Turnover

The whole of the turnover is attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2023	2022
	£	£
United Kingdom	31,272,510	17,118,031
United States	11,159,682	8,331,404
Rest of World	15,426,080	11,727,786
	<u>57,858,272</u>	<u>37,177,221</u>

5 Other operating income

	2023	2022
	£	£
Other operating income	2,690	25,718
R&D SME tax credit	3,122,221	3,078,026
	<u>3,124,911</u>	<u>3,103,744</u>

6 Operating loss

The operating loss is stated after charging/(crediting):

	2023	2022
	£	£
Tangible fixed assets - depreciation	390,329	256,788
Intangible fixed assets - amortisation	643,905	389,613
Exchange differences	(4,695,721)	(4,560,341)
Other operating lease rentals	3,818,158	2,807,858
Research and development costs charged as an expense	15,999,224	17,055,837
Loss on disposals	1,928	-
Share based payment	<u>5,441,020</u>	<u>2,012,420</u>

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

7 Auditor's remuneration

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

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the consolidated and parent Company financial statements	98,360	67,500
Fees payable to the Company's audit for the audit of other subsidiary financial statements	8,994	8,418
Fees payable to the Company's auditor for non-audit services	2,834	10,921

8 Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Wages and salaries	68,225,638	44,293,271	37,949,184	30,410,898
Social security costs	7,061,398	3,720,730	5,062,167	3,416,708
Cost of defined contribution scheme	3,105,146	1,837,969	1,776,242	1,221,148
	78,392,182	49,851,970	44,787,593	35,048,754

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
	No.	No.	No.	No.
Sales	58	35	20	13
Customer	60	36	38	24
Delivery	182	139	107	94
Marketing	27	15	15	10
R&D	161	114	140	104
Head office	64	53	55	50
	552	392	375	295

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

9 Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	1,404,785	1,094,963
Directors' pension costs	<u>5,333</u>	<u>5,332</u>
	<u>1,410,118</u>	<u>1,100,295</u>

During the year retirement benefits were accrued to a defined contribution scheme for 2 Directors (2022: 2). The total contributions paid to the defined contribution scheme for the highest paid director was £2,667 (2022: £2,666). The highest paid Director received remuneration of £934,129 (2022: £365,378).

10 Interest receivable and similar income

	2023	2022
	£	£
Interest receivable	1,242,066	75,643
	<u>1,242,066</u>	<u>75,643</u>

11 Interest payable and similar expense

	2023	2022
	£	£
Bank interest payable	(788)	(807)
	<u>(788)</u>	<u>(807)</u>

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

12 Taxation	2023	2022
	£	£
Corporation tax		
Foreign tax on loss for the year	22,815	(430,205)
Total current tax	22,815	(430,205)
Deferred tax		
Adjustments in respect of prior periods	-	(151,107)
Total deferred tax	-	(151,107)
Taxation charge/(credit) on loss on ordinary activities	22,815	(581,312)
Loss of ordinary activities before tax	(54,210,781)	(26,874,195)
Factors affecting tax change/(credit) for the year		
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(10,300,048)	(5,106,097)
Effects of:		
Expenses not deductible for tax purposes	475,726	446,294
Deduction for R&D expenditure	(2,312,410)	-
Surrender of tax losses for R&D tax credit refund	968,965	-
Adjustments to tax charge in respect of prior periods - deferred tax	-	64,421
Adjustments to tax charge in respect of prior periods	-	151,107
Adjustments in respect of change in tax rates	(1,245,891)	(730,900)
R&D recognised in P&L	-	774,032
Other timing permanent differences	44	(21,029)
R&D expenditure credits	3,122,221	(46,534)
Fixed asset differences	(28,129)	(21,390)
Deferred tax not recognised	5,205,887	2,504,809
Difference in overseas tax rates	(205,821)	(168,290)
Foreign tax losses not recognised	4,342,272	1,572,265
Total tax charge/(credit) for the year	22,815	(581,312)

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

12 Taxation (continued)

Factors that may affect future tax charges

At March 31, 2023, the Group has the available tax losses of £76,096,696 (FY22: £34,241,803) to carry forward against profits of the future periods. At tax rates ranging from 17% to 30% an estimated deferred tax asset of £19,024,174 (FY22: £8,560,451) in relation to these losses has not been recognised, as there is insufficient certainty over the profits against which this can be recovered.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from April 1, 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

13 Intangible assets

Group

	Note	Goodwill	Computer Software £	Total £
Cost				
At 1 April 2022		-	2,795,310	2,795,310
Additions	25	8,054,260	2,053,942	10,108,202
At 31 March 2023		<u>8,054,260</u>	<u>4,849,252</u>	<u>12,903,512</u>
Amortisation				
At 1 April 2022		-	895,283	895,283
Charge for the year		77,233	566,672	643,905
At 31 March 2023		<u>77,233</u>	<u>1,461,955</u>	<u>1,539,188</u>
Net book value				
At 31 March 2022		-	1,900,027	1,900,027
At 31 March 2023		<u>7,977,027</u>	<u>3,387,297</u>	<u>11,364,324</u>

Company

	Computer Software £
Cost	
At 1 April 2022	2,795,310
Additions	2,053,942
At 31 March 2023	<u>4,849,252</u>
Amortisation	
At 1 April 2022	895,283
Charge for the year	566,672
At 31 March 2023	<u>1,461,955</u>
Net book value	
At 31 March 2022	1,900,027
At 31 March 2023	<u>3,387,297</u>

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

14 Tangible assets

Group

	Fixtures and fittings	Computer equipment	Total
Cost	£	£	£
At 1 April 2022	63,707	1,156,918	1,220,625
Additions	77,448	720,042	797,490
Disposals	(22,156)	(73,226)	(95,382)
At 31 March 2023	<u>118,999</u>	<u>1,803,734</u>	<u>1,922,733</u>
Depreciation			
At 1 April 2022	63,707	554,430	618,137
Charge for the year	21,082	369,248	390,329
Disposals	(22,003)	(8,688)	(30,690)
At 31 March 2023	<u>62,786</u>	<u>914,990</u>	<u>977,776</u>
Net book value			
At 31 March 2022	-	602,488	602,488
At 31 March 2023	<u>56,213</u>	<u>888,744</u>	<u>944,957</u>

Company

	Fixtures and fittings	Computer equipment	Total
Cost	£	£	£
At 1 April 2022	63,707	841,724	905,431
Additions	33,324	393,871	427,195
Disposals	(22,156)	(83,364)	(105,520)
At 31 March 2023	<u>74,875</u>	<u>1,152,231</u>	<u>1,227,106</u>
Depreciation			
At 1 April 2022	63,707	440,947	504,654
Charge for the year	12,042	240,501	252,544
Disposals	(22,155)	(83,364)	(105,520)
At 31 March 2023	<u>53,594</u>	<u>598,084</u>	<u>651,678</u>
Net book value			
At 31 March 2022	-	400,777	400,777
At 31 March 2023	<u>21,281</u>	<u>554,147</u>	<u>575,428</u>

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

15 Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 April 2022	503,123
Additions	6,850,481
At 31 March 2023	7,353,604

Additions relate to the incorporation of wholly-owned subsidiaries in FY23 and the business combination following the purchase of Aylien Limited. Further information related to the business combinations is disclosed in note 25.

Subsidiary undertakings

The following are subsidiary undertakings of the Company, none of which are publicly traded:

Name	Registered Address	Principal activity	Class of shares	Holding
Quantexa Inc.	160 Greentree Drive, Suite 101, Dover, Delaware, 19904, USA.	Sale and implementation of software	Ordinary	100%
Quantexa Pty Ltd	Level 32, Martin Place, Sydney, NSW 2000, Australia	Sale and implementation of software	Ordinary	100%
Quantexa Canada Limited	1100-1055 West Georgia Street, Vancouver, B.C., V6E 3P3	Sale and implementation of software	Ordinary	100%
Quantexa BVBA	Rue Belliard 40, Brussels, 1040, Belgium	Sale and implementation of software	Ordinary	100%
Quantexa Pte	600 North Bridge Road, #23-01, Parkview Square, Singapore	Sale and implementation of software	Ordinary	100%
Quantexa S.a.r.l.	Tomorrow Street Innovation Centre 15, Rue Edward Steichen, L-2540 Luxembourg	Sale and implementation of software	Ordinary	100%

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

15 Fixed asset investments (continued)

Name	Registered Address	Principal activity	Class of shares	Holding
Quantexa Technology Limited	Dubai International Financial Centre, Level 15, The Gate, P.O. Box 74777, Dubai, UAE	Sale and implementation of software	Ordinary	100%
Aylien Limited	46 Mount Street Upper, Dublin, D02 RX88, Ireland	Sale and implementation of software	Ordinary	100%

16 Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	21,780,826	7,796,490	11,507,807	4,188,471
Amounts owed by group undertakings	-	-	53,568,431	31,234,458
Other debtors	875,096	883,697	652,784	717,408
Prepayments and accrued income	3,720,396	3,335,383	3,179,079	2,377,065
Tax recoverable	10,040,511	6,100,850	8,325,839	5,203,619
	<u>36,416,829</u>	<u>18,116,420</u>	<u>77,233,940</u>	<u>43,721,021</u>

Amounts owed by group undertakings and unsecured and repayable on demand.

17 Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	41,210,248	94,274,175	30,689,399	87,997,801

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

18 Creditors

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Trade creditors	3,364,275	2,710,736	2,172,992	2,026,623
Amounts owed to group undertakings	-	-	11,001,960	7,258,234
Other taxation and social security	5,614,232	2,207,491	3,813,801	1,764,095
Other creditors	857,517	231,000	534,571	101,173
Accruals and deferred income	44,375,409	24,597,294	20,502,006	15,116,464
	54,211,433	29,746,521	38,025,330	26,266,589

Amounts owed to group undertakings are unsecured and repayable on demand.

19 Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
754,549 (FY22 - 754,549) Ordinary A shares of £0.001 each	755	755
249,932 (FY22 - 249,932) Series A shares of £0.001 each	250	250
195,363 (FY22 - 195,363) Series B shares of £0.001 each	195	195
211,499 (FY22 - 211,499) Series C shares of £0.001 each	211	211
248,319 (FY22 - 248,319) Series D shares of £0.001 each	248	248
	1,659	1,659

On 13 July 2021, the Company issued 240,282 Series D Preference shares of £0.001 each for a total consideration of £350.69 per share. On 1 September 2021, The Company issued 8,037 Series D Preference shares of £0.001 each for a total consideration of £350.69 per share.

Rights attached to shares:

Ordinary A shares have full rights in the Company with respect to voting, dividends and distributions.

Series A shares have full rights in the Company with respect to voting and dividends and preferential rights with respect to distributions up to the subscription price paid.

Series B shares have full rights in the Company with respect to voting and dividends and preferential rights with respect to distributions up to the subscription price paid.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

19 Share capital (continued)

Series C shares have full rights in the Company with respect to voting and dividends and preferential rights with respect to distributions as set out in the articles of association.

Series D preference shares have full rights in the Company with respect to voting and dividends and preferential rights with respect to distributions as set out in the articles of association.

20 Reserves

The Group has the following reserves:

Share premium account

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

Foreign exchange reserve

The foreign currency translation reserve relates to differences arising on consolidation as the subsidiary companies are in different functional currencies.

Profit and loss account

Retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

21 Share based payments

As at 31 March 2023 there were 91,456 (FY22: 94,776) share options issued to 78 (FY22: 79) members of staff under the Quantexa EMI Share Option Scheme which was adopted by the Company on 2 December 2016. All of the share options issued qualified under the EMI scheme.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	173	94,776	162	109,306
Granted during the year	-	-	-	-
Lapsed during the year	-	-	90	(13,330)
Surrendered options	1	(3,320)	94	(1,200)
Outstanding at the end of the year	180	91,456	173	94,776

Quantexa Limited

Notes to the Financial Statements

For the Year Ended 31 March 2023 (continued)

21 Share based payments (continued)

During the year there were also 7,932 (FY22: 8,366) unapproved share options issued to 7 (FY22: 6) further individuals, 1 of whom is a Director (FY22: none of whom was a Director). The weighted average exercise price (pounds) for these was £271.42 (FY22: £22.970). There are 51,828 (FY22: 43,896) unapproved share options in issue at 31 March 2023 to 12 individuals (FY22: 11), 1 of whom (FY22: 0) is a Director. At 31 March 2023 none (FY22: 0) of the unapproved share options had vested. Both schemes are equity settled schemes.

The Group recognised total expenses of £5,441,020 (FY22: £2,012,420) related to equity settled share based payment transactions in the year. The EMI scheme and the unapproved share options are equity settled schemes with performance related vesting conditions.

22 Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £3,105,146 (FY22: £1,837,969). Contributions totalling £465,549 (FY22: £97,263) were payable to the fund at the balance sheet date and are included in creditors.

23 Commitments under operating leases

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

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Not later than 1 year	5,460,157	3,578,634	4,213,229	2,919,882
Later than 1 year and not later than 5 years	2,885,478	1,357,295	2,824,671	1,235,340
	8,345,635	4,935,929	7,037,900	4,155,222

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

24 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 s.33.1A not to disclose transactions with other wholly owned members of the Group.

HSBC Bank is a shareholder of the Company. During the year the Company made sales of £11,082,085 (2022: £5,195,159) to HSBC Bank. At the year end, the balance owed to the Company was £4,101,534 (2022: £Nil).

ABN Amro is a shareholder of the Company. During the year, the Company made sales of £1,455,844 (2022: £1,095,112) to ABN Amro. At the year end, the balance owed to the Company was £38,388 (2022: £83,038).

Bank of New York Mellon is a shareholder of the Company. During the year, the Company made sales of £4,624,295 (2022: £4,954,611) to Bank of New York Mellon. At the year end, the balance owed to the Company was £968,080 (2022: £87,000).

Key management personnel consist of Directors. Compensation paid in the year in respect of Directors is shown in note 9.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

25 Business combinations

On 24 February 2023 the Group acquired control of Aylien Limited through the purchase of 100% of the share capital for total consideration of £6,748,341. Aylien Limited is a software company registered in Ireland.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and liabilities assumed at the acquisition date.

Cash	5,463,117
Contingent consideration	1,161,047
Directly attributable costs	124,177
Total consideration	<u>6,748,341</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration	5,463,117
Directly attributable costs	124,177
Less cash and cash equivalents acquired	<u>(155,858)</u>
Net cash outflow	<u>5,431,436</u>

Recognised amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	155,858
Fixed assets	22,578
Trade and other receivables	1,059,668
Trade and other payables	<u>(2,544,023)</u>
Total identifiable net liabilities	<u>(1,305,919)</u>
Goodwill	<u>8,054,260</u>
Total	<u>6,748,341</u>

The residual goodwill reflects the significant opportunity for the Group to integrate Aylien's advanced AI and Natural Language Processing (NLP) capabilities with Quantexa's Decision Intelligence Platform, which will help facilitate customers' ability to unify structured and unstructured datasets in order to augment and automate decision intelligence. The useful life of the goodwill acquired is estimated to be 10 years. The contingent consideration is capped at £1.2m and is payable 12 months after the acquisition date. The amount recognised in the business combination is based on management's expectation at the acquisition date. The revenue from Aylien Limited included in the consolidated income statement for the year ended 31 March 2023 was £162,804. Aylien also contributed a loss of £526,829.

Quantexa Limited

Notes to the Financial Statements For the Year Ended 31 March 2023 (continued)

26 Post balance sheet events

In April 2023, Quantexa closed a Series E funding round and raised \$129m (£104m), \$99.0m (£80m) of which was received by the Group and the balance of \$30m (£24m) being raised by existing shareholders selling Series A shares. Based on this injection of cash, the Directors have budgeted for further investments in the business during the next financial year.

Since April 1, 2023 Quantexa Group has incorporated entities in Switzerland, France and Japan to continue its global expansion plan.

27 Controlling party

In the opinion of the Directors, the Company has no single controlling party. Quantexa Limited is not included in the consolidated financial statements of any other group.