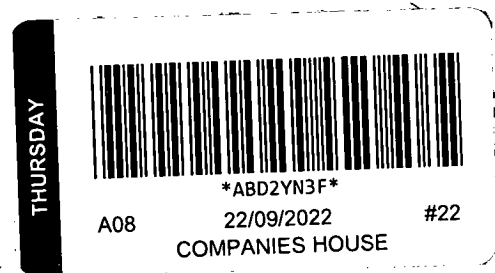


Registered number: 09274045

EIGEN TECHNOLOGIES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



EIGEN TECHNOLOGIES LTD

COMPANY INFORMATION

Directors
Mr J Feuer
Mrs N S Grose (appointed 2 July 2021)
Dr L Liu
Mrs M I Mutafchieva
Mr S J Nundy
Mr M Y See (appointed 12 May 2021)
Mr A Mathur (resigned 27 April 2021)

Registered number 09274045

Registered office
60 Queen Victoria Street
London
EC4N 4TR

EIGEN TECHNOLOGIES LTD

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EIGEN TECHNOLOGIES LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Eigen Technologies is a research-led artificial intelligence company based in New York and London. Its mission is to help individuals and organisations make the right decisions by unlocking the value of their qualitative data. The company strive to automate the extraction and classification of information from all types of documents. Eigen Technologies use state-of-the-art machine learning algorithms to recognise patterns in documents and give accurate answers to unique questions. It enables clients to make the right business decisions with their own data such as driving down costs, meeting regulatory requirements or calculating business risks.

Business review

The Company's business model is based on actively growing its recurring-contracted revenues. Such licence contracts typically run for one to three years. The Company has established and continues to expand its notable customer base from leading global financial institutions, insurance and re-insurance multinational firms, and other well-established businesses such as global manufacturers and large international law firms.

EIGEN TECHNOLOGIES LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Competition risk

Natural language processing and machine learning products are part of an emerging market characterised by fast-moving technology changes and intense competition. As a result, the Company will continue to face significant competition risk that may reduce its capacity to achieve its financial targets. The Company aims to mitigate this risk by continuing to invest in its proprietary technology and in its sales and marketing activities and by launching new products and new markets.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognisable asset or liability. This risk is managed by accurately forecasting the Company's future cash requirements and planning well in advance for the subsequent funding rounds.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to minimise that risk by managing its cash generation from its operation and from its fundraising activities.

Cyberattacks and Data Protections

Protecting its clients' data is critical to the Company's success. The Company or its clients could breach regulations, face fines and penalties from a cyberattack on the Company's systems by criminals or other nefarious organisations. As a result of such attack, the Company would face financial losses, significant operational disruptions, loss of customer trust and reputational brand damage. The Company mitigates that cyber risk by ensuring that it is up to date with the most recent security industry standards and address promptly identified weaknesses.

Coronavirus impact

At the time of writing of this annual report, the Company's main markets have started to emerge from the COVID-19 pandemic. The Company tracks fast-moving COVID-19 mutations with a focus on quickly mitigating any potential business impact, while continuing to position the Company for growth.

Laws & Regulations

Changes in, or failure to comply with, the laws and regulations application the Company's business operations could increase its costs and reduce its gross and net operating margins.

Brexit

Brexit has given rise to increased economic and regulation uncertainty. The Company is mitigating this risk by monitoring on a regular basis any changes to UK-EU regulation.

Currency Risk

The Company forecasts its future cash requirements in the relevant currencies and accordingly maintains its cash reserves in the required currencies in order to reduce exposure to the variability of foreign exchange rates.

Litigation Risk

Litigation or legal proceedings could expose the Company to significant liabilities or damage its reputation.

EIGEN TECHNOLOGIES LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

The board tracks a small number of financial key performance indicators to enable a consistent method of performance analysis, in addition to benchmarking against similar businesses.

The key performance indicators utilized by the board were as follows:

	2021	2020	2019
Turnover	£5.96m	£3.14m	£3.17m
Gross Profit	£4.37m	£1.18m	£1.17m
Gross Margin	73%	38%	37%

During the last financial year, the Company greatly accelerated its total revenue from £3.14m to £5.96m, a year-on-year growth rate of 90%, having positioned the business for high growth coming out of the COVID-19 pandemic through tech and marketing investments. Additionally, the Company significantly improved its gross profits from £1.18m to £4.37m, generating a gross margin of 73% in 2021 against a gross margin of 38% in 2020. Administrative expenses grew from £17.38m to £23.15m, an increase of £5.77m in the fiscal year. The additional expenses mainly relate to a rise in staff costs and other related charges, technical infrastructure, and sales and marketing investments.

The consolidated statement of comprehensive income and financial position are set out in on pages 11 and 12 respectively. The loss for the financial year of £17.0m has been added to the shareholders' deficit.

This report was approved by the board on 30 June 2022 and signed on its behalf.


Dr L Liu
Director

EIGEN TECHNOLOGIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Results and dividends

The loss for the year, after taxation, amounted to £17,059,505 (2020 - loss £14,109,863).

Directors

The directors who served during the year were:

Mr J Feuer
Mrs N S Grose (appointed 2 July 2021)
Dr L Liu
Mrs M I Mutafchieva
Mr S J Nundy
Mr M Y See (appointed 12 May 2021)
Mr A Mathur (resigned 27 April 2021)

EIGEN TECHNOLOGIES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditors

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

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

Post balance sheet events

In April 2022 Eigen Technologies closed further funding through venture debt to continue their investment plans.

To date of signing, 1,120 Ordinary Shares were issued with consideration received of £1,680.

Auditors

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

This report was approved by the board on 30 June 2022 and signed on its behalf.


Dr L Liu
Director

EIGEN TECHNOLOGIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGEN TECHNOLOGIES LTD

Opinion

We have audited the financial statements of Eigen Technologies Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion 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 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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's or the 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EIGEN TECHNOLOGIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGEN TECHNOLOGIES LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

EIGEN TECHNOLOGIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGEN TECHNOLOGIES LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, particularly the classification of convertible loan notes.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

EIGEN TECHNOLOGIES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGEN TECHNOLOGIES LTD (CONTINUED)



Anastasia Frangos (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10, Queen Street Place
London
EC4R 1AG

30 June 2022

EIGEN TECHNOLOGIES LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Turnover	5,957,723	3,135,902
Cost of sales	(1,585,021)	(1,952,498)
Gross profit*	<u>4,372,702</u>	<u>1,183,404</u>
Administrative expenses	(23,149,707)	(17,383,671)
Operating loss	<u>(18,777,005)</u>	<u>(16,200,267)</u>
Interest receivable and similar income	903	24,127
Interest payable and similar expenses	(361,382)	-
Loss before tax	<u>(19,137,484)</u>	<u>(16,176,140)</u>
Tax on loss	2,077,979	2,066,277
Loss for the financial year	<u>(17,059,505)</u>	<u>(14,109,863)</u>
Other comprehensive income for the year		
Currency translation differences	166,765	-
Other comprehensive income for the year	<u>166,765</u>	<u>-</u>
Total comprehensive loss for the year	<u>(16,892,740)</u>	<u>(14,109,863)</u>
Loss for the year attributable to:		
Owners of the parent company	(17,059,505)	(14,109,863)
	<u>17,059,505</u>	<u>14,109,863</u>

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD
REGISTERED NUMBER: 09274045

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	337,302	640,054
		<u>337,302</u>	<u>640,054</u>
Current assets			
Debtors: amounts falling due within one year	13	5,807,899	6,497,626
Cash at bank and in hand	14	17,774,945	18,492,589
		<u>23,582,844</u>	<u>24,990,215</u>
Creditors: amounts falling due within one year	15	(8,254,234)	(5,990,530)
Net current assets		<u>15,328,610</u>	<u>18,999,685</u>
Total assets less current liabilities		<u>15,665,912</u>	<u>19,639,739</u>
Creditors: amounts falling due after more than one year	16	(12,909,341)	
Net assets		<u><u>2,756,571</u></u>	<u><u>19,639,739</u></u>
Capital and reserves			
Called up share capital	18	649	646
Share premium account	19	46,052,102	46,042,533
Foreign exchange reserve	19	148,378	(18,387)
Profit and loss account	19	(43,444,558)	(26,385,053)
Equity attributable to owners of the parent Company		<u><u>2,756,571</u></u>	<u><u>19,639,739</u></u>
		<u><u>2,756,571</u></u>	<u><u>19,639,739</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.


Dr L Liu
 Director

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD
REGISTERED NUMBER: 09274045

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	296,828	571,552
Investments	12	19	19
		<u>296,847</u>	<u>571,571</u>
Current assets			
Debtors: amounts falling due within one year	13	10,989,901	10,023,473
Cash at bank and in hand	14	17,658,536	18,455,674
		<u>28,648,437</u>	<u>28,479,147</u>
Creditors: amounts falling due within one year	15	(5,997,087)	(4,754,019)
Net current assets		<u>22,651,350</u>	<u>23,725,128</u>
Total assets less current liabilities		<u>22,948,197</u>	<u>24,296,699</u>
Creditors: amounts falling due after more than one year	16	(12,909,341)	
Net assets		<u><u>10,038,856</u></u>	<u><u>24,296,699</u></u>
Capital and reserves			
Called up share capital	18	649	646
Share premium account	19	46,052,102	46,042,533
Profit and loss account	19	(36,013,895)	(21,746,480)
		<u><u>10,038,856</u></u>	<u><u>24,296,699</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.


Dr L Liu
 Director

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY/
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2020	637	42,151,632	(3,014)	(12,222,531)	29,926,724
Loss for the year	-	-	-	(14,109,863)	(14,109,863)
Total comprehensive income for the year	-	-	-	(14,109,863)	(14,109,863)
Shares issued during the year	9	3,890,901	-	-	3,890,910
Currency translation differences	-	-	-	(52,659)	(52,659)
Other movement	-	-	(15,373)	-	(15,373)
At 1 January 2021	646	46,042,533	(18,387)	(26,385,053)	19,639,739
Loss for the year	-	-	-	(17,059,505)	(17,059,505)
Currency translation differences	-	-	166,765	-	166,765
Total comprehensive income for the year	-	-	166,765	(17,059,505)	(16,892,740)
Shares issued during the year	3	9,569	-	-	9,572
At 31 December 2021	649	46,052,102	148,378	(43,444,558)	2,756,571

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	637	42,151,632	(10,400,289)	31,751,980
Loss for the year	-	-	(11,346,191)	(11,346,191)
Total comprehensive income for the year	-	-	(11,346,191)	(11,346,191)
Shares issued during the year	9	3,890,901	-	3,890,910
At 1 January 2021	646	46,042,533	(21,746,480)	24,296,699
Loss for the year	-	-	(14,267,415)	(14,267,415)
Total comprehensive income for the year	-	-	(14,267,415)	(14,267,415)
Shares issued during the year	3	9,569	-	9,572
At 31 December 2021	649	46,052,102	(36,013,895)	10,038,856

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(17,059,505)	(14,109,863)
Adjustments for:		
Depreciation of tangible assets	386,553	367,219
Exchange difference	166,764	(61,852)
Interest received	(903)	(24,127)
Taxation charge	(2,077,864)	(2,066,277)
Decrease/(increase) in debtors	701,312	(1,792,233)
Increase in creditors	2,263,707	2,208,001
Corporation tax received	2,066,277	255,603
Net cash generated from operating activities	<u>(13,553,659)</u>	<u>(15,223,529)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(83,801)	(364,848)
Sale of tangible fixed assets	-	1,840
Interest received	903	24,127
Net cash from investing activities	<u>(82,898)</u>	<u>(338,881)</u>
Cash flows from financing activities		
Issue of ordinary shares	9,572	3,890,910
New secured loans	12,909,341	-
Net cash used in financing activities	<u>12,918,913</u>	<u>3,890,910</u>
Net (decrease) in cash and cash equivalents	<u>(717,644)</u>	<u>(11,671,500)</u>
Cash and cash equivalents at beginning of year	18,492,589	30,164,089
Cash and cash equivalents at the end of year	<u><u>17,774,945</u></u>	<u><u>18,492,589</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,774,945	18,492,589
	<u><u>17,774,945</u></u>	<u><u>18,492,589</u></u>

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	New external debt £	At 31 December 2021 £
Cash at bank and in hand	18,492,589	(717,644)	-	17,774,945
Debt due after 1 year	-	-	(12,909,341)	(12,909,341)
	<u>18,492,589</u>	<u>(717,644)</u>	<u>(12,909,341)</u>	<u>4,865,604</u>

The notes on pages 17 to 30 form part of these financial statements.

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Eigen Technologies Ltd is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 60 Queen Victoria Street, London, EC4N 4TR.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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.

MentorSquared Tech India Private Limited is a wholly owned subsidiary of Eigen Technologies Limited. The directors have excluded the dormant entity from the consolidation on the grounds that inclusion would not be material to the financial statements.

The accounting policies are uniform across the group.

2.3 Going concern

The group incurred operating losses of £18,777,005 during the year. This was an increase of 16% from 2020 and at the same time the group grew turnover by 90% (£3.14m 2020 to £5.96m 2021). The directors consider that the group's revenue will continue to accelerate its growth.

In April 2022 the Directors secured venture debt funding, which will provide the group with sufficient funding to meet its current objectives and at least 12 months from the date of the signing of these financial statements. As a result of this funding and the continued growth performance of the business, the directors consider that it is appropriate the financial statements have been prepared on the going concern basis.

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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 other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term unless the rental payments are that offer a rent free period and or rent discount, in which case the group recognises the annual rent with these spread over the term of the lease.

2.7 Research and development

Research and development costs are recognised as an expense as and when they are incurred.

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Interest income

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

2.9 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit and 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 Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

2.11 National Insurance on share options

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2.12 Taxation

Tax is recognised in profit or loss 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 reporting date in the countries where the Company and the Group operate and generate income.

2.13 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.

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the life of the lease
Office computer costs (UK & US)	- 33%
Office furniture (UK & US)	-

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

2.16 Cash and cash equivalents

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

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.

2.17 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.

2.18 Financial instruments

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

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.

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Revenue recognition

When the Group sells products that have multiple transactions, the total consideration from the arrangement is allocated to each element based on their relevant fair values. Management applies judgement in determining the amount of revenue recognised for the delivered elements, this is to ensure that the total consideration from the contract is allocated on an appropriate basis relative to the fair value of the licence and services provided to our clients.

Bad debt

Management applies judgement in evaluating the recoverability of debtors. The directors believe the debtors listed in the financial statements are recoverable, therefore there is no bad debt provision.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Revenue	5,957,723	3,135,902
	<u>5,957,723</u>	<u>3,135,902</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	462,694	81,788
Rest of the world	5,495,029	3,054,114
	<u>5,957,723</u>	<u>3,135,902</u>

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Operating lease expense	525,000	442,751
Depreciation	405,797	367,942
Exchange differences	131,721	61,852
	<u>1,062,521</u>	<u>872,545</u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	36,000	35,000
	<u>36,000</u>	<u>35,000</u>

Fees payable to the Group's auditor in respect of:

All other services	3,000	9,704
	<u>3,000</u>	<u>9,704</u>

7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	14,513,067	9,523,576
Social security costs	1,476,822	1,075,305
Cost of defined contribution scheme	391,881	219,769
	<u>16,381,770</u>	<u>10,818,650</u>

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

	2021 No.	2020 No.
Employees	175	162
	<u>175</u>	<u>162</u>

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Interest receivable

	2021 £	2020 £
Other interest receivable	903	24,127
	<u>903</u>	<u>24,127</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	361,382	-
	<u>361,382</u>	<u>-</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(2,077,979)	(2,066,277)
	<u>(2,077,979)</u>	<u>(2,066,277)</u>
Total current tax	<u>(2,077,979)</u>	<u>(2,066,277)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(2,077,979)</u>	<u>(2,066,277)</u>

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(19,137,484)	(16,176,140)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(3,636,122)	(3,073,467)
Effects of:		
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	1,558,143	1,007,190
Total tax charge for the year	<u>(2,077,979)</u>	<u>(2,066,277)</u>

EIGEN TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Tangible fixed assets

Group

	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 January 2021	690,708	624,718	1,315,426
Additions	-	83,801	83,801
At 31 December 2021	<u>690,708</u>	<u>708,519</u>	<u>1,399,227</u>
Depreciation			
At 1 January 2021	362,869	312,503	675,372
Charge for the year	205,730	180,823	386,553
At 31 December 2021	<u>568,599</u>	<u>493,326</u>	<u>1,061,925</u>
Net book value			
At 31 December 2021	<u>122,109</u>	<u>215,193</u>	<u>337,302</u>
At 31 December 2020	<u>327,839</u>	<u>312,215</u>	<u>640,054</u>

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 January 2021	690,708	491,587	1,182,295
Additions	-	68,161	68,161
At 31 December 2021	<u>690,708</u>	<u>559,748</u>	<u>1,250,456</u>
Depreciation			
At 1 January 2021	362,869	247,874	610,743
Charge for the year	205,730	137,155	342,885
At 31 December 2021	<u>568,599</u>	<u>385,029</u>	<u>953,628</u>
Net book value			
At 31 December 2021	<u>122,109</u>	<u>174,719</u>	<u>296,828</u>
At 31 December 2020	<u>327,839</u>	<u>243,713</u>	<u>571,552</u>

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	19
At 31 December 2021	<u>19</u>

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Eigen Technologies Inc.	115 W 30th Street New York, NY 10001	Ordinary	100%
MentorSquared TechIndia Private Limited*	M/s. Crawford Bayley & Co., State 4th Floor, N.G. N Vaidya Marg, Fort Mumbai MH 400023 IN	Ordinary	100%

*indicates dormant company

13. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	2,698,852	2,970,872	2,175,668	2,182,628
Amounts owed by group undertakings	-	-	5,768,670	4,551,713
Other debtors	338,052	728,970	309,246	606,235
Prepayments and accrued income	692,917	778,659	658,239	663,772
Tax recoverable	2,078,078	2,019,125	2,078,078	2,019,125
	<u>5,807,899</u>	<u>6,497,626</u>	<u>10,989,901</u>	<u>10,023,473</u>

14. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	17,774,945	18,492,589	17,658,536	18,455,674
	<u>17,774,945</u>	<u>18,492,589</u>	<u>17,658,536</u>	<u>18,455,674</u>

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	585,487	828,831	444,497	755,198
Other taxation and social security	539,006	336,978	484,314	306,678
Other creditors	23,531	56,352	22,418	55,248
Accruals and deferred income	7,106,210	4,768,369	5,045,858	3,636,895
	<u>8,254,234</u>	<u>5,990,530</u>	<u>5,997,087</u>	<u>4,754,019</u>

16. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Convertible loan notes	12,909,341	-
	<u>12,909,341</u>	<u>-</u>

The loan notes have an interest rate of 5% and are convertible or repayable at least 12 months from the year end, with the timing of this dependent on a number of conditions. There was no security included as part of the agreements.

17. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at fair value through profit or loss	17,774,945	18,492,589	17,658,535	18,455,674
Trade debtors	2,698,852	2,970,872	2,175,668	2,182,628
Other debtors and accrued income	-	2,861,472	-	2,665,677
	<u>20,473,797</u>	<u>24,324,933</u>	<u>19,834,203</u>	<u>23,303,979</u>
Financial liabilities				
Trade creditors	585,487	828,831	444,497	755,198
Other creditors and deferred income	-	2,624,250	-	1,777,007
	<u>585,487</u>	<u>3,453,081</u>	<u>444,497</u>	<u>2,532,205</u>

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
850,000 (2020 - 820,000) Ordinary shares of £0.0001 each shares of £0.0001 each	85	82
419 (2020 - 419) A Ordinary shares of £1.00 each shares of £1.0000 each	419	419
2 (2020 - 2) B Ordinary shares of £1.00 each shares of £1.0000 each	2	2
200,000 (2020 - 200,000) C Ordinary shares of £0.0001 each shares of £0.0001 each	20	20
270,542 (2020 - 270,000) A Voting shares of £0.0001 each shares of £0.0001 each	27	27
243,542 (2020 - 240,000) A Non-Voting shares of £0.0001 each shares of £0.0001 each	24	24
701,750 (2020 - 700,000) Series B Voting shares of £0.0001 each shares of £0.0001 each	70	70
20,748 (2020 - 20,000) Series B Non Voting shares of £0.0001 each shares of £0.0001 each	2	2
	<hr/>	<hr/>
	649	646
	<hr/>	<hr/>

The A and B shares rank pari passu in all respects. They both have full voting rights and right to dividends if declared.

On 5 May 2021, 2,000 Ordinary Shares were issued with consideration received of £3,000.

On 26 July 2021, 375 Ordinary Shares were issued with consideration received of £35.10.

On 19 September 2021, 10 Ordinary Shares were issued with consideration received of £15.

On 18 November 2021, 100 Ordinary Shares were issued with consideration received of £211.

19. Reserves

Share premium account

This reserve represents the premium arising on the issue of shares net of issue costs.

Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Profit and loss account

This reserve represents cumulative profits and losses net of dividends and other adjustments.

EIGEN TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Share options

The company currently has a total of 231,281 share options in issue, of which 70,469 have not vested at the year end. A fair value exercise was undertaken at the grant date of the options using the Black Scholes model. These options are exercisable over a maximum period of 10 years and vest over time. The charge calculated from this was immaterial and has not been included in the 2021 financial statements.

21. Pension commitments

The Group operates a defined contributions 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 £335,710 (2020 - £247,697). Contributions totalling £nil (2020 - £49,960) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	251,713	525,000	251,713	525,000
Later than 1 year and not later than 5 years	-	251,713	-	251,713
	<u>251,713</u>	<u>776,713</u>	<u>251,713</u>	<u>776,713</u>

23. Related party transactions

Key management personnel are considered to be the board of directors. Total directors' remuneration in the year amounted to £226,074 (2020: £294,426).

At the year end, £1,052 (2020: £nil) was owed to a director of the company.

24. Post balance sheet events

In April 2022 Eigen Technologies closed further funding through venture debt to continue their investment plans.

To date of signing, 1,120 Ordinary Shares were issued with consideration received of £1,680.

25. Controlling party

The directors' consider there to be no single ultimate controlling party.