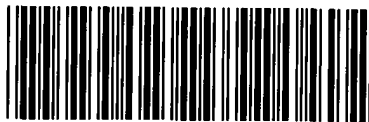

ONTOLOGY-PARTNERS LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE PERIOD ENDED 31 AUGUST 2018

SATURDAY



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31/08/2019
COMPANIES HOUSE

ONTOLOGY-PARTNERS LIMITED
REGISTERED NUMBER: 05794201

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	31 August 2018 £	28 February 2017 £
Fixed assets			
Tangible assets	4	84,014	49,320
		<u>84,014</u>	<u>49,320</u>
Current assets			
Debtors: amounts falling due within one year	5	1,722,768	1,864,609
Cash at bank and in hand	6	182,976	1,776,291
		<u>1,905,744</u>	<u>3,640,900</u>
Creditors: amounts falling due within one year	7	(1,044,197)	(7,234,281)
Net current assets/(liabilities)		<u>861,547</u>	<u>(3,593,381)</u>
Total assets less current liabilities		<u>945,561</u>	<u>(3,544,061)</u>
Creditors: amounts falling due after more than one year	8	(6,164,398)	-
Net liabilities		<u>(5,218,837)</u>	<u>(3,544,061)</u>
Capital and reserves			
Called up share capital	9	2,124	1,729
Share premium account	10	10,838,994	9,395,368
Profit and loss account	10	(16,059,955)	(12,941,158)
		<u>(5,218,837)</u>	<u>(3,544,061)</u>

ONTOLOGY-PARTNERS LIMITED
REGISTERED NUMBER: 05794201

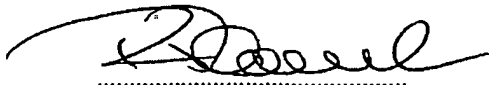
BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2018

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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



.....
P Plamondon
Director

Date: 2019/05/29

The notes on pages 4 to 12 form part of these financial statements.

ONTOLOGY-PARTNERS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2016 (as previously stated)	1,729	9,395,368	(10,253,463)	(856,366)
Prior year adjustment	-	-	(787,150)	(787,150)
At 1 April 2016 (as restated)	<u>1,729</u>	<u>9,395,368</u>	<u>(11,040,613)</u>	<u>(1,643,516)</u>
Comprehensive income for the period				
Loss for the period	-	-	(1,900,545)	(1,900,545)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(1,900,545)	(1,900,545)
Total transactions with owners	-	-	-	-
At 1 March 2017	<u>1,729</u>	<u>9,395,368</u>	<u>(12,941,158)</u>	<u>(3,544,061)</u>
Comprehensive income for the period				
Loss for the period	-	-	(3,244,476)	(3,244,476)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(3,244,476)	(3,244,476)
Shares issued during the period	395	1,443,626	-	1,444,021
Share based payments compensation	-	-	125,679	125,679
Total transactions with owners	<u>395</u>	<u>1,443,626</u>	<u>125,679</u>	<u>1,569,700</u>
At 31 August 2018	<u><u>2,124</u></u>	<u><u>10,838,994</u></u>	<u><u>(16,059,955)</u></u>	<u><u>(5,218,837)</u></u>

The notes on pages 4 to 12 form part of these financial statements.

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

1. General information

Ontology-Partners Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is One London Wall, London, EC2Y 5AB.

The principal activity of the Company continues to be that of developing and licensing software products and offering consulting services. The principal place of business is 69 King's Cross Road, London, WC1X 9LW.

These financial statements present the results of the 18 months ended 31 August 2018 as the company has extended the year end to align with the ultimate parent company's reporting period.

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 Section 1A of 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 management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

On 2 March 2017 the company was acquired by EXFO Inc., a company incorporated in Canada. The directors have prepared the financial statements under the going concern basis as Company has received confirmation from EXFO Inc. that support will be provided to meet its liabilities as and when they fall due for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements.

2.3 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.

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue comprises sums receivable in respect of license fees for software, the supply of software consultancy and maintenance services, net of Value Added Tax.

License fee income is recognised on delivery.

Income from consultancy and maintenance services is recognised over the period in which the service is provided.

Since March 2017, the company transitioned into being represented by EXFO distribution network and received royalty income for the sales of its products made by EXFO's distributors.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account 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.

2.6 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.7 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

2.10 Pensions

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.11 Share based payments

The company share-based compensation on share options and restricted share units (RSUs) are granted by the parent company. The company accounts for share-based compensation on share options and restricted share units, using the fair value-based method. Share-based compensation costs are amortized to expense over the vesting period.

2.12 Taxation

Tax is recognised in the Profit and Loss Account, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

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.

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

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:

Computer equipment	-	25% straight line
Other fixed assets	-	25% straight line and 100% straight line over 12 months

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 the Profit and Loss Account.

2.14 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.

2.15 Cash and cash equivalents

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

2.16 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.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.18 Financial instruments

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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.18 Financial instruments (continued)

not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Profit and Loss Account.

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

2.19 Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Balance Sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

The company's convertible loans do not contain an equity component.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Derivatives embedded in host debt contracts, such as convertible loans, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

3. Employees

The average monthly number of employees, including directors, during the period was 34 (2017 - 32).

ONTOLOGY-PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

4. Tangible fixed assets

	Computer equipment £	Other fixed assets £	Total £
Cost or valuation			
At 1 March 2017	251,758	5,665	257,423
Additions	75,076	-	75,076
Disposals	-	(5,665)	(5,665)
At 31 August 2018	<u>326,834</u>	<u>-</u>	<u>326,834</u>
Depreciation			
At 1 March 2017	202,587	5,516	208,103
Charge for the period on owned assets	40,233	-	40,233
Disposals	-	(5,516)	(5,516)
At 31 August 2018	<u>242,820</u>	<u>-</u>	<u>242,820</u>
Net book value			
At 31 August 2018	<u>84,014</u>	<u>-</u>	<u>84,014</u>
At 28 February 2017	<u>49,171</u>	<u>149</u>	<u>49,320</u>

ONTOLOGY-PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018**

5. Debtors

	31 August 2018 £	<i>28 February 2017 £</i>
Trade debtors	59,868	237,175
Amounts owed by group undertakings	513,919	-
Other debtors	453,100	303,513
Prepayments and accrued income	695,881	1,323,921
	<u><u>1,722,768</u></u>	<u><u>1,864,609</u></u>

6. Cash and cash equivalents

	31 August 2018 £	<i>28 February 2017 £</i>
Cash at bank and in hand	182,976	1,776,291
	<u><u>182,976</u></u>	<u><u>1,776,291</u></u>

7. Creditors: Amounts falling due within one year

	31 August 2018 £	<i>As restated 28 February 2017 £</i>
Bank loans	-	1,206,510
Other loans	-	3,243,391
Trade creditors	34,158	493,797
Amounts owed to group undertakings	217,466	-
Other taxation and social security	88,551	84,258
Other creditors	-	15,537
Accruals and deferred income	704,022	1,121,529
Financial instruments	-	1,069,259
	<u><u>1,044,197</u></u>	<u><u>7,234,281</u></u>

The National Bank of Canada has a legal mortgage dated 12th December 2017 whereby a fixed and floating charge was created over all of the current and future assets of Ontology-Partners Limited.

ONTOLOGY-PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018**

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

	31 August 2018 £	<i>As restated 28 February 2017 £</i>
Amounts owed to group undertakings	6,118,775	-
Accruals and deferred income	45,623	-
	<u>6,164,398</u>	<u>-</u>

9. Share capital

	31 August 2018 £	<i>As restated 28 February 2017 £</i>
Allotted, called up and fully paid		
12,115,958 (2017 - 12,115,958) A preferred shares of £0.0001 each	1,211.60	1,211.60
1,333,333 (2017 - 1,333,333) B preferred shares of £0.0001 each	133.33	133.33
3,840,699 (2017 - 3,840,699) Ordinary shares of £0.0001 each	384.07	384.07
2,587,561 (2017 - Nil) C preferred shares of £0.0001 each	258.76	-
1,367,219 (2017 - Nil) D preferred shares of £0.0001 each	136.72	-
	<u>2,124.48</u>	<u>1,729.00</u>

10. Reserves

Share premium

Proceeds received in addition to the nominal value of the shares issued have been included in share premium.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

11. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £113,155 (2017 - £126,105). Contributions totalling £25,309 (2017 - £10,425) were payable to the fund at the balance sheet date.

ONTOLOGY-PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018**

12. Commitments under operating leases

At 31 August 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 August 2018 £	<i>28 February 2017 £</i>
Not later than 1 year	201,000	16,350
Later than 1 year and not later than 5 years	134,000	-
	<u>335,000</u>	<u>16,350</u>

13. Related party transactions

The company has taken advantage of Financial Reporting Standard 102 section 33.1A "Related Party Disclosures" and has not disclosed transactions with wholly owned group members.

14. Controlling party

The immediate parent company and ultimate controlling party from 2 March 2017 is EXFO Inc., a listed company incorporated in Canada. EXFO Inc. is the smallest and largest company for which consolidated accounts are prepared.

The consolidated financial statements of EXFO Inc. are publicly available on its website at www.EXFO.com or at its registered office situated at 400 Godin Avenue, Quebec City, QC, Canada, G1M 2K2.

15. Auditors' information

The auditors' report for the year ended to be completed on signing gave an unqualified opinion.

The audit report was signed by Anthony Campbell (Senior Statutory Auditor) for and on behalf of Nortons Assurance Limited, Chartered Accountant and Statutory Auditor.