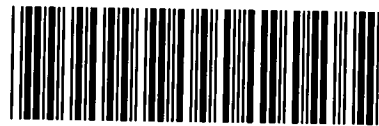


Company Registered Number: 11899376

CATALIS LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
31 DECEMBER 2019

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CATALIS LIMITED
Year ended 31 December 2019

Registered Number: 11899376

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CATALIS LIMITED

Registered Number: 1199376

Company Information
Year ended 31 December 2019

Directors

D Wheatley
A Lawton

Secretary

A Lawton

Registered Office

63 Gee Street
London
EC1V 3RS

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

**Report of the Directors
Year ended 31 December 2019**

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

Principal Activities, Review of Activities and Future Developments

The principal activity of the Company during the year was to act as a holding company for Curve Digital Entertainment, Testronic Laboratories SE, Kuju Group SE and Doublesix Digital Publishing BV. The company expects to continue to act as a holding company in the foreseeable future.

During 2018 the Company undertook a project to redomicile to the UK from The Netherlands where it was previously registered as Catalis SE. On 15 October 2018 the Company transferred its registered office to the UK (as registered number SE000122). Previously, the Company was registered with the Dutch Chamber of Commerce (company number 17123178). The Group provides testing services for the media industry and the design and development of interactive computer games for personal computers and video games consoles. Catalis SE was originally incorporated on 24 March 2000 in The Netherlands. The shares were traded on the Frankfurt Entry Standard Market until 20 June 2018, which is an Unregulated Market, under the ticker XAE2.F. From 20 June 2018 onwards the shares in the Company were not listed on any exchange. On 22 March 2019 Catalis SE completed its conversion to a Public Limited Company and was re-registered with the company number 11899376.

In February 2019 the Company underwent a capital reduction exercise which resulted in share premium of £18,742k being transferred to retained earnings and received a dividend of £4.0m from its subsidiary, Curve Digital Entertainment Limited. Catalis SE then satisfied the reserve criteria for conversion to a UK registered public limited company and on 22 March 2019 it completed the transition from a Societas Europaea (SE) to a Public Limited Company. On 9 October 2019 Catalis plc re-registered as Catalis Limited, completing the reorganisation.

On the 9 October 2019 the Directors approved a Scheme of Arrangement to sell 100% of the share capital of the Company to Project Sword BidCo Limited, a subsidiary of Project Sword TopCo Limited. Project Sword TopCo Limited became the ultimate holding company of the Catalis Group.

As a consequence of the change of domicile of the Company to the UK the Directors determined that the Company would change its presentational currency from Euro (€) to Pounds Sterling (£) in order to better reflect the nature of the business and the underlying transactions. The accounts for the year to 31 December 2019 (and the comparative year) are presented in £. A reconciliation of the previously presented balance sheet of the comparative year is shown in note 13 to these accounts. In the year ended 31 December 2018 the Company took advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present an income statement.

Following the referendum result in the UK to leave the European Union, the Board continues to monitor the situation carefully and will undertake appropriate action to mitigate risk as the need arises.

Principal risk and uncertainties**Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including cash flow risk, liquidity risk and technology risk.

Cash flow risk - The Company is supported by its ultimate parent company, Project Sword Topco Limited. The ultimate parent company supports the company in its management of day to day working capital and has pledged to continue to do so.

Liquidity risk - In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments the Company uses intergroup financing.

Technology risk - The company is subject to the risks associated with frequent and rapid technological developments and to changes in the international markets for consumer leisure products and in order to mitigate this risk the Company trains its staff to keep pace with technological advances and continues to invest in its own proprietary technology.

Report of the Directors
Year ended 31 December 2019

Qualifying Third Party Indemnity Provisions

There were no Third Party Indemnity Provisions in place with regard to any of the Directors who served in the current or prior year that require disclosure under s234 Companies Act 2006.

Dividends

In February 2019 the company received a dividend amounting to £4,000,000 from its subsidiary company, Curve Digital Entertainment Limited. No dividends were paid or received in 2018.

Going Concern

After making appropriate enquiries of the Project Sword Limited Group (the ultimate parent and controlling party), the Directors have concluded that the Company will continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The management board of the Company and all other subsidiaries of Project Sword Limited have produced budgets and cash flow forecasts which have been used by the Group to forecast cash flows for the period ending 31 December 2021. The Group's main banking facilities are provided by HSBC Bank plc and the cash flow forecasts demonstrate that the cash flows will provide sufficient resources for the Group to pay its liabilities as and when they become due.

The Group is forecast to generate operating profits and positive cash flows from operating activities and remain in compliance with its bank covenants in the years ending 31 December 2020 and 2021.

Catalis Limited has received confirmation from Project Sword Topco Limited, its ultimate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the Company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements.

On this basis, the directors believe it is appropriate to adopt the going concern assumption in the preparation of these financial statements.

COVID-19 Statement

The impact of the global COVID-19 pandemic on the Company and its wider Group has been extensively reviewed by the Board and a program has been put in place to ensure business continuity for our customers whilst ensuring safe working practices for our employees. The measures have included:

- Weekly Board calls to continually assess COVID-19 projections together with a Senior Management task force assigned with responsibility for continually reviewing our global approach. The Task Force includes representatives from the Board, Operations, IT and HR.
- A full reforecast of the results for the full year taking into account various scenarios across the globe. The scenarios are reviewed against the actual results each month.
- Instigating a working from home policy for all employees and the provision of appropriate technology to allow our employees to continue to provide a service to our customers.
- Continuous review of cost base of the Company with a high level of scrutiny applied to the future expenditure of the Company including the deferral of payments where possible.
- The Company considers that its employees are its greatest assets and continues to retain staff wherever possible as well as providing a safe working environment.

Whilst the impact of COVID-19 has been significantly detrimental to the wider global economy the Company has so far seen an increase in demand for video games across both the console and PC markets. The Company does not expect that the full year 2020 results will be significantly negatively impacted and will be in line with expectations. The position is reviewed each month by the Board and the Company expects to be able to continue to meet its liabilities as they fall due and to comply with the banking covenants as described in the notes to the accounts below.

Report of the Directors
Year ended 31 December 2019

Directors

The Directors held office during the year were as follows:

R Haxton	(resigned 21 February 2020)
A Lawton	(appointed as Director and Company Secretary - 22 March 2019)
D Wheatley	
P Biewald	(resigned 7 October 2019)
T Chaloner	(resigned 7 October 2019)
N Hammond	(resigned 7 October 2019)
N Winks	(resigned 7 October 2019)

Statement of Directors Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 101 – Reduced Disclosure Framework “The Financial Reporting Standard applicable in the UK and Republic of Ireland”).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Report of the Directors
Year ended 31 December 2019**

Financial Instruments

The Company is financed by inter-company debt. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the business operations. The Company did not enter into any hedging arrangements in the year.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next Annual General Meeting.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Andrew Lawton

A Lawton
Director
1/7/2020

CATALIS LIMITED**Registered Number: 11899376****Independent Auditor's Report to the Members of Catalis Limited for the year ended 31 December 2019**

Opinion

We have audited the financial statements of Catalis Limited (the 'company') for the year ended 31 December 2019, which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

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

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

CATALIS LIMITED

Registered Number: 11899376

Independent Auditor's Report to the Members of Catalis Limited for the year ended 31 December 2019

Conclusions relating to going concern

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, base

d 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

CATALIS LIMITED

Registered Number: 11899376

Independent Auditor's Report to the Members of Catalis Limited for the year ended 31 December 2019

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

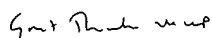
Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Page

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

1/7/2020

CATALIS LIMITED**Registered Number: 11899376****Statement of Comprehensive Income
Year ended 31 December 2019**

	Note	2019 £000's	Restated 2018 £000's
Income from Subsidiary undertakings		967	1,085
Administrative expenses		(5,333)	(2,365)
OPERATING LOSS		(4,366)	(1,280)
Interest payable and similar charges	2	(210)	(519)
Interest receivable	2	11	14
Dividends received		4,000	-
LOSS BEFORE TAXATION	3	(565)	(1,785)
Taxation	6	-	(2)
LOSS FOR THE YEAR		(565)	(1,787)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(565)	(1,787)

The amounts above all relate to continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

CATALIS LIMITED**Registered Number: 11899376****Statement of Financial Position
As at 31 December 2019**

	Note	2019 £000's	2019 £000's	Restated 2018 £000's	Restated 2018 £000's
FIXED ASSETS					
Investments	7		3,245		3,437
Tangible assets	8		158		186
Other financial fixed assets	9		-		472
CURRENT ASSETS					
Debtors	10	6,317	3,403	4,464	4,095
Cash at bank and in hand		241		43	
		6,558		4,507	
CREDITORS: amounts falling due within one year					
	11	(10,801)		(10,844)	
NET CURRENT LIABILITIES					
			(4,243)		(6,337)
NET ASSETS					
			(840)		(2,242)
CAPITAL AND RESERVES					
Called up share capital	12		769		687
Share premium			1,885		18,742
Other reserves			-		131
Translation reserve			(37)		(37)
Redenomination reserve			85		85
Profit and loss account			(3,542)		(21,850)
SHAREHOLDERS' FUNDS					
			(840)		(2,242)

The financial statements were approved by the board of directors and authorised for issue

On behalf of the Board

Andrew Lawton

A Lawton

Director

1/7/2020

The notes on pages 13 to 24 form part of these financial statements.

CATALIS LIMITED**Registered Number: 11899376****Statement of Changes in Equity
As at 31 December 2019**

	Share Capital A Shares £000's	Share Capital B Shares £000's	Share premium £000's	Share based payments £000's	Other reserves £000's	Cumulative Translation Reserve £000's	Redenom- ination Reserve £000's	Profit and loss account £000's	Total £000's
At 1 January 2018	673	-	18,445	692	131	-	-	(20,755)	(814)
Issue of share capital on exercise of options	36	-	284	-	-	-	-	-	320
Issue of B Shares	-	63	13	-	-	-	-	-	76
Other reserve movements	-	-	-	(692)	-	-	-	692	-
Redenomination of Share Capital	(78)	(7)	-	-	-	-	85	-	-
Transactions with owners	(42)	56	297	(692)	-	-	85	692	396
Total comprehensive loss for the year	-	-	-	-	-	(37)	-	(1,787)	(1,824)
At 31 December 2018 and 1 January 2019 - restated	631	56	18,742	-	131	(37)	85	(21,850)	(2,242)
Other reserve movements	-	-	-	-	(131)	-	-	131	-
Issue of share capital upon conversion of loan note	80	-	1,637	-	-	-	-	-	1,717
Issue of shares	2	-	248	-	-	-	-	-	250
Share premium reduction	-	-	(18,742)	-	-	-	-	18,742	-
Transactions with owners	82	-	(16,857)	-	(131)	-	-	18,873	1,967
Total comprehensive loss for the year	-	-	-	-	-	-	-	(565)	(565)
At 31 December 2019	713	56	1,885	-	-	(37)	85	(3,542)	(840)

The notes on pages 13 to 24 form part of these financial statements.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****1. ACCOUNTING POLICIES****Basis of accounting**

Catalis Limited ("the Company") is a private company limited by shares, incorporated and domiciled in England and Wales. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements contain information about Catalis Limited as an individual company.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The presentation currency of these financial statements is Sterling.

The company is a wholly-owned subsidiary of Project Sword Topco and is included in the financial statements of Project Sword Topco which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company's ultimate parent undertaking, Project Sword Topco Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Project Sword Topco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The Company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Company, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118 and 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see below).

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****1. ACCOUNTING POLICIES (Continued)****Voluntary change in accounting policy**

As a consequence of the change of domicile of the Company to the UK the Directors determined that the Company would change its presentational currency from Euro (€) to Pounds Sterling (£) in order to better reflect the nature of the business and the underlying transactions. The accounts for the year to 31 December 2019 (and the comparative year) are presented in £. A reconciliation of the previously presented balance sheet of the comparative year is shown in note 13 to these accounts.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. No material judgements or estimates have been made in the preparation of these financial statements.

Going Concern

After making appropriate enquiries of the Project Sword Limited Group (the ultimate parent and controlling party), the Directors have concluded that the Company will continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The management board of the Company and all other subsidiaries of Project Sword Limited have produced budgets and cash flow forecasts which have been used by the Group to forecast cash flows for the period ending 31 December 2021. The Group's main banking facilities are provided by HSBC Bank plc and the cash flow forecasts demonstrate that the cash flows will provide sufficient resources for the Group to pay its liabilities as and when they become due.

The Group is forecast to generate operating profits and positive cash flows from operating activities and remain in compliance with its bank covenants in the years ending 31 December 2020 and 2021.

Catalis Limited has received confirmation from Project Sword Topco Limited, its ultimate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the Company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements.

On this basis, the directors believe it is appropriate to adopt the going concern assumption in the preparation of these financial statements.

COVID-19 Statement

The impact of the global COVID-19 pandemic on the Company and its wider Group has been extensively reviewed by the Board and a program has been put in place to ensure business continuity for our customers whilst ensuring safe working practices for our employees. The measures have included:

- Weekly Board calls to continually assess COVID-19 projections together with a Senior Management task force assigned with responsibility for continually reviewing our global approach. The Task Force includes representatives from the Board, Operations, IT and HR.
- A full reforecast of the results for the full year taking into account various scenarios across the globe. The scenarios are reviewed against the actual results each month.
- Instigating a working from home policy for all employees and the provision of appropriate technology to allow our employees to continue to provide a service to our customers.
- Continuous review of cost base of the Company with a high level of scrutiny applied to the future expenditure of the Company including the deferral of payments where possible.
- The Company considers that its employees are its greatest assets and continues to retain staff wherever possible as well as providing a safe working environment.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****1. ACCOUNTING POLICIES (Continued)**

Whilst the impact of COVID-19 has been significantly detrimental to the wider global economy the Company has so far seen an increase in demand for video games across both the console and PC markets. The Company does not expect that the full year 2020 results will be significantly negatively impacted and will be in line with expectations. The position is reviewed each month by the Board and the Company expects to be able to continue to meet its liabilities as they fall due and to comply with the banking covenants as described in the notes to the accounts below.

Foreign Currencies

Non monetary assets and liabilities, revenue and costs that are expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur. Monetary assets and liabilities are translated at the rate ruling at the statement for financial position date. Differences arising on the translation of such items are recognised in the Statement of Comprehensive Income.

Investments

Fixed asset investments are stated at cost, less any provisions for impairment required where there has been a permanent diminution in their value.

Basic financial instruments**Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****1. ACCOUNTING POLICIES (Continued)****Convertible loan note**

Convertible loan notes are recognised at inception date in accordance with the terms of the underlying instrument with the note-holder. At inception date, non-derivative convertible loan notes are evaluated to determine if they contain both a liability and equity component. The liability component of the instrument is recognised in liabilities and the equity component is recognised in equity. The equity component of the convertible loan note is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount determined to be the fair value of the liability component. The liability is subsequently recorded at amortised cost using the effective interest rate method, and the equity component is not revalued.

2. INTEREST RECEIVABLE/(PAYABLE)

	2019 £000's	2018 £000's
Interest receivable in relation to Directors loans	11	14
Bank interest payable	-	(14)
Interest on convertible loan	(129)	(456)
Interest payable on other loans	-	(49)
Interest payable to Group undertakings	(81)	-
	<u>(210)</u>	<u>(519)</u>

3. LOSS BEFORE TAXATION

	2019 £000's	2018 £000's
Loss before taxation is stated after charging/(crediting):		
Fees payable to the company's auditors and its associates for other services:		
Audit of the company accounts	113	70
Tax compliance services	61	48
Profit on foreign exchange	(51)	(108)
Depreciation of tangible fixed assets	38	39
	<u>38</u>	<u>39</u>

Turnover for the year is derived from recharges of central costs to subsidiary undertakings and amounted to £967k in the current year and £1,085k in the prior year. Fees paid to the company's auditors for other non-audit related items are disclosed in the consolidated accounts of Project Sword Topco Limited, the ultimate parent company.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****4. DIRECTORS' EMOLUMENTS**

	2019 £000's	2018 £000's
Non-Executive Directors - Remuneration	180	159
Executive Directors - Remuneration	681	553
Executive Directors - Pension costs	11	13
	<u>872</u>	<u>725</u>

The loans, advances and guarantees granted by the Company to its managing and supervisory directors amounted to £nil (31 December 2018-£473k), as disclosed in note 9 to the accounts. Three of the directors who served in the year are a member of a defined contribution pension scheme (2018: three). The remuneration of the highest paid director amounts to £327k (2018 - £376k). Pensions costs of the highest paid director were £4k (2018 - £4k). The executive directors are employed by Testronic Laboratories Limited, a subsidiary company.

5. STAFF COSTS

Staff costs, excluding costs relating to directors, were as follows:

	2019 £000's	2018 £000's
Wages and Salaries	640	675
Social Security Costs	82	77
Pension Costs	37	34
	<u>759</u>	<u>786</u>

The average monthly number of employees was 9 (2018 – 9).

	2019	2018
The staff of the company worked in the following activities:		
Administration	<u>9</u>	<u>9</u>

Staff costs are in relation to employees where their contract of employment is held by Testronic Laboratories Limited, a subsidiary company.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****6. TAXATION**

The tax charge for the year was £nil (2018 - £2k) as the company made no taxable profit.

The Company has unrelieved management expenses of approximately £1.7m (2018- £0.2m) to carry forward. No deferred tax asset has been recognised as the timing of their recoverability through reduced corporation tax payable is uncertain. The tax assessed for the year differs from the standard rate of tax as follows:

Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018 – 19%). The differences are explained below:

Reconciliation of current taxation charge	2019 £000's	2018 £000's
Loss on ordinary activities before tax	(565)	(1,785)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	(107)	(339)
Effects of:		
Fixed asset differences	6	
Expenses not deductible for tax purposes	570	79
Income not taxable for tax purposes	(760)	-
Deferred tax not recognised	291	258
Current tax charge for the year	-	(2)

The rate of UK Corporation Tax of 19% (effective 1 April 2017) was substantially enacted in the Finance Act of 2016 and is expected to remain at this rate.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****7. FIXED ASSET INVESTMENTS**

	Investment in subsidiaries £000's
COST	
At 31 December 2018	3,437
Foreign Exchange differences	(192)
	<hr/>
At 31 December 2019	3,245
	<hr/>
PROVISION FOR IMPAIRMENT	
At 31 December 2018 and at 31 December 2019	-
	<hr/>
NET BOOK VALUE	
At 31 December 2018	3,437
	<hr/>
At 31 December 2019	3,245
	<hr/>

Holdings of more than 20% - The company holds, either directly or indirectly, more than 20% of the share capital of the following companies:

Company	Country of registration/ incorporation	Principal Activity	Shares held Class	%
Curve Digital Entertainment Limited	England & Wales	Computer game publishing	Ordinary	100
Curve Digital Publishing Limited	England & Wales	Computer game publishing	Ordinary	100
Runner Duck Limited	England & Wales	Computer games development	Ordinary	100
Kuju Limited	England & Wales	Computer game development & holding company	Ordinary	100
Curve Game Development One Limited	England & Wales	Computer game development	Ordinary	100
Curve Game Development Two Limited	England & Wales	Computer game development	Ordinary	100
Catalis Group Limited	England & Wales	Dormant	Ordinary	100
Kuju Entertainment Limited	England & Wales	In liquidation	Ordinary	100
Zoe Mode Entertainment Limited	England & Wales	Computer game development	Ordinary	100
Runner Duck Games Limited	England & Wales	Computer game development	Ordinary	100
Attack Games Limited	England & Wales	Computer game development	Ordinary	100
Kuju Games Development One Limited	England & Wales	Dormant	Ordinary	100
Headstrong Games Limited	England & Wales	Dormant	Ordinary	100
Vatra Games s.r.o.	Czech Republic	In liquidation	Ordinary	100

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019**

8. PROPERTY PLANT AND EQUIPMENT	Property Plant & equipment £000's
COST	
At 31 December 2018	297
Additions	10
	<u>307</u>
At 31 December 2019	<u>307</u>
DEPRECIATION	
At 31 December 2018	111
Charge for the year	38
	<u>149</u>
NET BOOK VALUE	
At 31 December 2018	<u>186</u>
At 31 December 2019	<u>158</u>

9. FINANCIAL FIXED ASSETS

	2019 £000's	2018 £000's
Loans to Directors	-	411
Loans in respect of Growth shares	-	61
	<u>-</u>	<u>472</u>

In 2015 the Group entered into a loan agreement with Dominic Wheatley, a member of the Board of Directors of Catalis Limited and the holder of 45,000 exercisable options for shares in the capital of the Company which had an exercise price of €450,000 (£407,000). The Company agreed to provide a loan of this amount for the purpose of financing the exercise price upon exercise of the Options. The loan was due for repayment in full on 31 August 2019. The loan attracted interest at a fixed rate of 3% per annum, receivable annually which is considered to be a fair market interest rate. At 31 December 2019 the interest accrued to the Company amounted to £nil (2018 - £4k). In 2018 Catalis Limited issued a new class of ordinary B shares (growth shares) to certain employees and agreed to fund the purchase of these shares via a loan from Catalis PLC. At 31 December 2018 £56k related to Directors (including interest of £1k) and £5k related to other employees of the Group. The loans attracted interest at 3% and were due for repayment on 1 December 2020. In October 2019 the entire share capital of Catalis Limited was purchased by Project Sword BidCo Limited and the loans to Directors were repaid in full as part of the transaction. There were no loans to Directors outstanding at 31 December 2019.

10. DEBTORS

	2019 £000's	2018 £000's
Amounts due from subsidiaries	6,098	4,201
Prepayments and accrued income	72	213
Other debtors	147	50
	<u>6,317</u>	<u>4,464</u>

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000's	2018 £000's
Convertible Loan	-	1,802
Trade Creditors	263	338
Amounts due to group undertakings	10,239	8,535
Accruals and deferred income	299	169
	<u>10,801</u>	<u>10,844</u>

Convertible Loan

In May 2014, the Board of Directors agreed to a private placement of unsecured convertible loan notes with a principal nominal value of € 2.0m and a final maturity on March 31st, 2019 to Leo Capital 1 LLP, a limited liability partnership wholly owned by funds managed by Vespa Capital (UK). The proceeds from the convertible loan notes were intended to finance further organic growth of the Group and the loan attracted interest at 10% per annum until 31 March 2018 and at 30% per annum for the final year to 31 March 2019. In accordance with the accounting policy described in note 1 an amount of £131,000 was deemed to be the equity component and has been transferred to equity and an amount of £131,000 was recognised as unamortised interest in relation to the convertible loan. During the prior year £32k was charged to the income statement as a financial expense. The market discount rate applied to the debt portion of the convertible loan note is 16.5%. In March 2019 the loan was converted into 100,000 shares with a nominal value of £80,000 with the remainder being recognised as share premium.

During 2017 the loan facility agreed between the Company's intermediary holding company, Catalis Ltd and KBC Bank was repaid in full and a new facility agreed with HSBC Bank plc. The loan was recorded in the books of Testronic Laboratories Limited, a fellow group company and was secured by a debenture over the assets and undertakings of that company and an unlimited composite company guarantee given by Catalis Limited, Testronic Laboratories SE and its subsidiaries to secure all liabilities of each other.

During 2019 Catalis Limited was acquired by Project Sword TopCo Limited and the loan was repaid in full. The loan was replaced by the following facilities

Group Loans - Revolving Credit Facility

Upon the acquisition of the Catalis Group by Project Sword Topco Limited in October 2019 the loan from HSBC was fully repaid and replaced with a new group wide Revolving Credit Facility recorded in the books of Project Sword Bidco Limited, an intermediary holding company and subsidiary of the ultimate parent company. The total facility amounts to £5m and is repayable in full by October 2024. Interest is payable on the loan at 3% above LIBOR. Security for the loan is provided by a Cross Corporate Guarantee between the ultimate parent company, Project Sword Topco Limited, and its material subsidiaries.

Group Loans – Term Loan

Upon the acquisition of the Catalis Group by Project Sword Topco Limited a term loan of £15m was provided by Tosca Debt Capital (Luxembourg) S.a.r.l. and recorded in the books of Project Sword Bidco Limited, an intermediary holding company and subsidiary of the ultimate parent company. The loan bears interest at the following rates: Quarterly Payment in Kind (PIK) interest is charged at 4.5% and is added to the loan balance, Cash interest is paid quarterly at LIBOR plus 4.5% subject to a LIBOR floor rate of 0.5%. The full balance of the principal plus the PIK interest is repayable on or before October 2025. Security for the loan is provided by a Cross Corporate Guarantee between the ultimate parent company, Project Sword Topco Limited, and its material subsidiaries.

The above loans are subject to two covenants which are - an Adjusted Leverage Covenant of 4:1 (net debt: adjusted EBITDA) and a Minimum Adjusted EBITDA Covenant (EBITDA to be a minimum of £3.34m, tested quarterly on a rolling 12 month basis). The group has complied with these covenants throughout the relevant period.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****12. SHARE CAPITAL**

Movements in Ordinary A share capital:

	Ordinary Shares		Ordinary Shares	
	Number of Shares – 000's		Amount – £000's	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Ordinary A Shares – issued and paid in				
1 January	785	745	631	673
Redenomination of shares	-	-	-	(78)
Issue of shares	103	40	82	36
At year end	888	785	713	631

During the year the Company issued 100,000 shares with a nominal value of £80,000 in respect of the conversion of the Convertible loan note and 2,730 shares were issued in respect of the consideration paid for the acquisition of Runner Duck Limited that was made by Curve Digital Entertainment Limited, subsidiary company.

Movements in Ordinary B share capital:

	Ordinary Shares		Ordinary Shares	
	Number of Shares – 000's		Amount – £000's	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Ordinary B Shares – issued and paid in				
1 January	69	-	56	-
Redenomination of shares	-	-	-	(7)
Issue of shares	-	69	-	63
At year end	69	69	56	56

At 31 December 2018 the Company redenominated its Ordinary share capital for A and B shares from €1.00 to £0.80 resulting in a foreign exchange difference of £78k on Ordinary A shares and £7k on Ordinary B shares.

Share Capital – Ordinary Shares - The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to 1 vote per share at every meeting of the shareholders of the Company. Called up share capital represents the nominal value of shares that have been issued.

Share Capital – B Shares – Shares subject to a Growth Share Plan represent a special class of shares which participate in the growth on value of the company in excess of predetermined thresholds. Prior to conversion into ordinary shares the B Shares shall entitle the holder to dividends up to a maximum of 1% of the nominal value of the shares and have voting rights in accordance the Companies Act 2006.

Share Premium Account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. In February 2019 the Company underwent a capital reduction excise which resulted in share premium of £18,742k being transferred to retained earnings.

Other reserves – represents the equity element of the non-derivative convertible loan note as determined at the inception date.

Profit and loss account – includes all current retained profits and losses.

Cumulative translation reserve – represents the cumulative impact of foreign currency translation differences arising from the change in presentational currency from Euro to Sterling.

Redenomination reserve – represents the cumulative impact on equity in relation to the redenomination of the share capital from €1.00 to £0.8 following the Company's change of domicile from the Netherlands to the UK.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****13. RESTATEMENT OF PRIOR YEAR RESULTS – CHANGE OF PRESENTATIONAL CURRENCY**

	As previously presented €000's	Conversion to £ £000's	Restated £000's
Statement of Financial Position at 31 December 2018			
Property, plant and equipment	205	(19)	186
Investment in subsidiaries	3,808	(371)	3,437
Other financial fixed assets	524	(52)	472
Other receivables	4,947	(483)	4,464
Cash and cash equivalents	47	(4)	43
TOTAL ASSETS	9,531	(929)	8,602
Current loans	(2,000)	198	(1,802)
Trade and other payables	(10,015)	973	(9,042)
TOTAL LIABILITIES	(12,015)	1,171	(10,844)
NET ASSETS	(2,484)	242	(2,242)
Share capital – A Ordinary shares	785	(154)	631
Share capital – B Ordinary shares	70	(14)	56
Share Premium	20,762	(2,020)	18,742
Other reserves	145	(14)	131
Cumulative translation reserves	-	48	48
Accumulated deficit	(24,246)	2,396	(21,850)
TOTAL SHAREHOLDERS DEFICIT	(2,484)	242	(2,242)
Total comprehensive loss for the year	(2,021)	234	(1,787)

After the Company changed its permanent domicile from The Netherlands to the United Kingdom in October 2018 the Directors determined that the presentational currency of the Company be changed to Pounds Sterling (£) to better reflect the underlying transactions of the Company. The Statement of financial Position that was presented for the year ended 31 December was retranslated to present the balances in £. At the balance sheet date of 31 December 2018 the exchange rate of the £ to € was 1.1078 and this rate has been applied to the Statement of Financial Position previously presented to derive the comparative figures for this report. The Income Statement has been retranslated at the average rate prevailing for the year of £ to € of 1.1304.

CATALIS LIMITED**Registered Number: 11899376****Notes to the Financial Statements
Year ended 31 December 2019****14. RELATED PARTIES**

The Company has identified the following person as related parties:

Waypoint Change LLP

During the year ended 31 December 2019 The Company incurred fees from Waypoint change LLP of £40k (2018 - £30k) of which £nil (2018 - £6k) was outstanding at the year end. Waypoint change LLP provided directors services for Nick Winks, who resigned as a Director on 7th October 2019.

Vespa Capital LLP

During the year ended 31 December 2019 Catalis incurred fees from Vespa Capital LLP of £29k in respect of directors services provided by Tom Chaloner (31 December 2018: £36k) and £29k in respect of directors services provided by Nigel Hammond (31 December 2018: £36k). At 31 December 2018 the amount outstanding was £nil (31 December 2018: £18k). In respect of interest payments on the convertible loan invoices totalling £nil were outstanding at 31 December 2018 (31 December 2018: £140k). Nigel Hammond and Tom Chaloner resigned as Directors on 7th October 2019.

Transactions with current or former directors

During 2015 the Company made a loan to Dominic Wheatley, a Director, details of which are disclosed in note 9 to the accounts. In 2018 Catalis PLC issued a new class of ordinary (growth shares) to certain employees and agreed to fund the purchase of these shares via a loan from Catalis PLC. At 31 December 2019 £nil was due from Robert Haxton (2018 - £23k) and £nil was due from Dominic Wheatley, (2018 - £34k). The loans attract interest at 3% and were due for repayment on 1 December 2020, however the loans were repaid on 8th October 2019 under the terms of the Scheme of Arrangement to sell 100% of the shares of Catalis Limited to Project Sword BidCo Limited.

The Company has taken the exemption where available in accordance paragraph 8(k) of FRS101 not to disclose transactions entered into between two or more members of a group, as the Company is a wholly-owned subsidiary undertaking to the group to which it is party to the transactions.

15. POST BALANCE SHEET EVENTS

In March 2020 the World Health Organisation recognised COVID- 19 as a global pandemic. Government actions arising from the pandemic would include lockdowns of workplaces, places of education and leisure pursuits together with worldwide restrictions on travel. The Company was quick to respond to the challenges posed by the pandemic and the measures taken together with an assessment of the impact on the Company are as described in the Directors Report and note 1 above.

16. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Project Sword Bidco Limited, a company incorporated in the UK. The company's ultimate parent company is Project Sword Topco Limited, incorporated in the United Kingdom and privately held. Project Sword Topco Limited is the parent of both the smallest and largest group into which the results of the Company are consolidated. Project Sword Topco Limited prepares group financial statements that can be obtained from its registered office at Suffolk House, George Street, Croydon, London CR0 1PE. The ultimate controlling party of the Group is North Edge Capital LLP.

In October 2019 the entire share capital of the company was purchased by Project Sword Bidco Limited, a subsidiary of Project Sword Topco Limited. Prior to that date Catalis Limited was a privately held business with no ultimate controlling party.