

Shareholders Report – End of Q3/21

Dear friends,

Unfortunately, we failed to meet all our goals as predicted. This statement refers mainly to R&D. Two of our key engineers were ill. We also had the September holidays vacations, while some of our leading outsourced suppliers shut down for the entire month of the holidays. In a lean start-up, as we are at this stage, this is significant.

Thus, we are now on an eight-week delay. However, we hope to close the gap in the coming month as we must be 100% prepared for the Medica fair (see below).

Product Status

Hardware

We are now testing the first assembled tiles, easily overcoming a few slight newborn product aches. The tiles perform as planned.

Elisha Tal, our product industrial designer, produced a light, robust and beautiful frame. The weight of our new tile is now less than 2 Kg. We aspire to cut that weight by half when we go to market.

We produce our new alpha-type tiles in a one-casted piece that includes led bubbles, sensors, and wires for data transfer. While this generation still requires a wire connection for data transfer, our next model is planned to work via wireless protocol. Other developments will also reduce the weight which even now, is very convenient, and easy to carry, handle and assemble.

Content

We have fully developed ten new games and activities that perfectly suit our therapeutic purposes. The games were designed by us, according to our medical partners' requirements and accompanied by their experts. They are not only effective — they are vivid, full of fun, mesmerizing and create enthusiasm.

We are in the process of fully developing our next 10 games, along with another 20 popular Pie games that we adjust to our platform's special requirements and needs.

We plan to offer a 100-game library till we launch the B2B2C marketing campaign.

Data

One of the advantages of the product is our data-based treatment concept. All users' activities are recorded, collected, gathered on our cloud, and analyzed. The analysis refers to each user's progress and regression, preferences, and many other aspects. Our machine learning AI

mechanism collects all, including other similar users' results, and personalized preferred next step for each user at any given time.

For creating this huge active database, we are building a dashboard, an elastic operating app, cloud infrastructure, and a virtual research center.

Hardware Patent Approval

Finally, we officially received our sensors and connector-based patent approval from the USPTO (US Patent No.11,137,835).

Our patent enables to transform a regular LED screen to a multi touch sensitive screen, inherently as part of the LED integrated circuit itself through two unique technologies.

These claims, by themselves are a major achievement sustaining our competitive advantage and setting a higher market entry barrier for competitors. It's also supports our ability to substantially reduce our tiles' BoM cost down the road.

The patent also includes our smart radial connector, that allows to connect Takaro's tiles in various shapes and sizes together with providing the tiles configuration information back to our systems.

Israel-Italy Bilateral project

I'm happy to announce that we've been officially approved by the Israel Innovation Authority (IIA) for the Israel-Italy bilateral project.

The project goal is to develop an Authoring tool component for our platform, together with NemoLab Neuromuscular rehabilitation centers and ALYN hospital and includes clinical trials.

The project scope is 800,000 Euro. Each side is entitled to 50% budget. The IIA grant is 40% out of 400,000 Euro.

Fundraising Status

We have concluded the current seed round by fully reaching our targets. From the crowdfunding Together platform, and in grants from the Israeli Innovation Authority (IIA), we are closing this round.

Now, the preparations for round A are full steam ahead. We have created a new presentation, built a comprehensive business plan, marked and mapped relevant contacts, and set up meetings.

The A round starts on October 15 and is planned to reach closure by the end of February 2022.

Medica

We will participate in one of the most important global annual arenas for medical and physical innovations.

The Medica 2021 trade fair takes place this year between Nov. 15-18 in Düsseldorf, Germany. Our company, among other selected Israeli companies, will exhibit within The Israel Export & International Cooperation Institute pavilion.

If you happen to be there – please visit us in Hall 4. We'll be happy to host you there.

[World Forum for Medicine - International Trade Fair with conferences and forums for Medical Technology, Electromedicine, Health-IT, Laboratory Equipment, Diagnostics, and Drugs. Düsseldorf. -- MEDICA Trade Fair -- MEDICA - World Forum for Medicine \(medica-tradefair.com\)](https://www.medicatradefair.com)

Company's name

The company name has bothered us for a long time: many people get confused with our two names identity, Takaro (the company) and QNI (the product).


Before our upcoming worldwide exposure, we decided to give up one of the two names. From now on, both product and company will carry the same name - QNI. This name change makes everything brighter and understandable.

Name changing was approved by the board and in a shareholders meeting.

We are taking the legal steps to carry out the board's decision, and we hope that the authorities will approve it in a few weeks.

I hope we all enjoy a beautiful cool, covid-free and successful autumn.

Yours,

Ofer Atir 
and the QNI (Takaro Tech) team

Forward-Looking Statements

The statements contained herein may contain certain forward-looking statements relating to the Company that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Company's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Company operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

When used herein, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to the Company or the Company's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Company's views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements as a result of a number of factors, including any changes in the laws, rules and regulations relating to any aspects of the Company's business operations, general economic, market and business conditions, including capital market developments, changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the actions and developments of the Company's competitors and the effects of competition in the insurance industry on the demand for, and price of, the Company's products and services, various business opportunities that the Company may or may not pursue, changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, persistency levels, the Company's ability to identify, measure, monitor and control risks in the Company's business, including its ability to manage and adapt its overall risk profile and risk management practices, its ability to properly price its products and services and establish reserves for future policy benefits and claims, seasonal fluctuations and factors beyond the Company's control. Subject to the requirements of the Listing Rules, the Company does not intend to update or otherwise revise such forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, forward-looking events and circumstances discussed herein might not occur in the way the Company expects, or at all. Accordingly, you should not place reliance on any forward-looking information or statements. All forward-looking statements herein are qualified by reference to the cautionary statements set forth in this section.