Registered number: SC586664

# SKYRORA VENTURES LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

# SKYRORA VENTURES LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | D H Smith (resigned 31 March 2020)<br>V Levykin (appointed 31 March 2020) |
| **Registered number** | SC586664 |
| **Registered office** | 4th Floor 115 George Street<br>Edinburgh<br>EH2 4JN |
| **Independent auditor** | MHA MacIntyre Hudson<br>Chartered Accountants & Statutory Auditor<br>2 London Wall Place<br>London<br>EC2Y 5AU |

# SKYRORA VENTURES LIMITED

## CONTENTS

# SKYRORA VENTURES LIMITED

## GROUP STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2020

**Introduction**

The Strategic report contains brief information about Skyrora Group (the Group), how we create value and how we run our business. It includes an overview of our strategy, business model, key performance indicators, and our approach to sustainability and risk.

The Strategic report is a part of the Annual report and accounts 2020.

More information about Skyrora Group can be found at www.skyrora.com.

**Business review**

The Group is a leading Scottish New Space group of enterprises that design and manufacture dedicated satellite launch systems, ancillary space equipment, green technologies under Skyrora, Ecosene and other brands. The Group also invests into non-space business.

2020 has brought significant uncertainty, compounded by COVID-19, concerning macro trends, including investment market volatility, foreign exchange, as well as disruptions in supply chains, reduced availability of skilled labour and lack of space launch regulations.

Despite the challenges, the Group advanced further in its core technology development and began to build momentum on its path to going commercial. Financially, the Group entities had a resilient and robust balance sheet designed to withstand volatility, and non-space business demonstrated improved revenue performance.

In 2020 senior management has initiated a strategic review to align the business model and technology with the changing market environment. This review will be completed in early 2021, and the redesigned strategy will enable the Group to become a vertical integrator of the entire space-enabled value chain on our way to make space more accessible, greener, and cheaper.

Our primary focus is the technological readiness and safety for our partners and staff, such that we continue to deliver on our promises. Our scale, diversity and the strength of our balance sheet allows us to meet any short-term challenges.

***Business model***

The Group's core business model focuses on developing, manufacturing, and operating integrated rocket launch systems to provide end-to-end launch services under the Skyrora brand.

Skyrora's principal launch vehicle is a three-stage liquid propulsion rocket Skyrora XL. It uses hydrogen peroxide and kerosene, which offers system-level benefits: storable (non-cryogenic) and green (non-toxic) propellants, allowing for a 'fuel and go system' for launch. XL meets the needs of the satellite industry, providing a low shock and low vibration environment.

Skyrora XL's projected mass delivery per year will be 4082 kg at its 16 launches cadence with a maximum payload of 315 kg at 81% fill-rate. Skyrora has considerable traction and interest for XL, by the end of 2020 holding 23 LOIs with satellite operators and 2 spaceport MOUs, that could potentially be converted into more than £500 million of revenues at £30 thousand per kilogram competitive price point.

In addition, in 2020, the Group continued to develop its non-space business, including online business advertising services under various brands through its subsidiaries. This business model is based on premium advertising traffic resale through a state-of-the-art SaaS platform that analyses and optimises marketing performance and provides integrated tools that automate core business processes, including traffic distribution, preventing fraudulent transactions etc. These revenue streams offer additional financial support for developing the core space business model.

# GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

***Technical review***

Achieving technical milestones is crucial to completing the commercial launch service and operating the core business model. In 2020 the Group management demonstrated progress by achieving all milestones envisaged by the technical development plan.

As a result of the projects detailed below, by the end of 2020, we had successfully exported a ground system to Iceland and launched our sounding rocket, Micro; in addition, the TRL of Skylark L had been raised to 8, ready for a demonstration flight and parts of Skyrora XL had also been qualified to TRL 8 including the 3rd stage.

With these milestones, we lay the foundations for the next year by growing the team and increasing the engineering department headcount. The focus was on the design team preparing for the test site and facility system designs required in early 2021. The groundwork was started for many of the milestones for the following year by scouting for a new engine test site and highlighting facilities that could increase production rate and the final assembly of Skylark L and Skyrora XL. COVID-19 was a critical risk throughout the year, with nationwide lockdowns and travel restrictions; despite this, we managed to fulfil our objectives for the year and advance our development programme.

| Milestone | Description |
|---|---|
| LEO Test Fire on Ecosene | Ecosene is a proprietary fuel developed by Skyrora from waste plastic. The fuel is a low sulphur alternative to kerosene from an environmentally sustainable source. As part of material qualification Ecosene was test burned in the LEO engine. The result proved to be equal to or in some tests better than that of RP-1 (grade of kerosene), successfully qualifying the fuel for use in our engines. |
| Construct 30kN Test Site | The 30kN test site was constructed and commissioned in March 2020. It was a critical milestone in the development of Skylark L Vehicle. It was crucial in the development of the 30kN engine, unlocking the further achievement of finalising Skylark L for testing. The test site has operated throughout 2020. |
| Test Fire 30kN Engines | Two 30kN engines were built and tested within 2020 for the 30kN qualification campaign. 3 test fires per engine were conducted qualifying the engine for integration into Skylark-L. The design allows us to continue our engine development of the 70kN, proving the design concept for the 70kN chamber and injector design. Achieving this milestone pushed forward both the orbital and suborbital qualification programmes. |
| Static Test Fire of Skylark-L | Final qualification of the propulsion, pressurisation and control systems required the static fire of the Skylark-L vehicle. This was performed at a private estate in Scotland in compliance with Covid-19 regulations to successfully test Skylark L, raising it to a TRL 8, ready for the first demo launch. |
| Conduct LEO Vacuum Tests (Qualification Tests) | The LEO engine provides the propulsion for the 3rd stage of Skyrora XL orbital vehicle, achieving this milestone proves that the LEO engine can operate a vacuum environment pushing the engine qualification to TRL 8. |
| Conduct Vertical Tests of Skylark-L | Verticalization tests are the final tests conducted on the Skylark-L vehicle to confirm it operates nominally with the launch vehicle transporter erector. The test verticalizes and removes the strong back. The test was conducted successfully providing checkout of the vehicle for launch in FY 2021. |
| Conduct Launch of Skylark Micro | Skylark Micro was launched for the development of launch operations and licensing. The vehicle successfully travelled up to 26 km. Key developments gained were the operational skills and export training. |
| Conduct 3rd Stage Static Fire Test | Final qualification of the propulsion, pressurisation and control systems required the static fire of the 3rd stage. This was performed at our 30kN test site in compliance with the Covid-19 regulations to successfully test the Skyrora XL 3rd stage system to a TRL 8, ready for the first Demo Launch. This was conducted on 23rd of December. |

# GROUP STRATEGIC REPORT (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2020

**Key performance indicators**

We use a number of financial and non-financial metrics to help the Board and senior management assess performance against three dimensions: our strategic priorities (excel at the fundamentals, deliver technical progress, invest in sustainable growth); our vision to deliver an integrated service; and our purpose: make space more accessible, greener and cheaper. These metrics are reviewed regularly to ensure that they remain appropriate.

***Non-financial KPIs***

| | |
|---|---|
| Technical | |
| Milestones completed | |
| We define a Technical Milestone as a key step in achieving the completion of the orbital launch service. It shows that we demonstrate the progression of our technical systems to create the launch service. | Milestones<br>2020: 8<br>2019: 3<br>160% increase |
| Engines manufactured and tested | |
| Number of engines manufactured has grown 150% to 5 and number of engines tested has grown 500% to 5. Engines are the critical production item with long lead time components and relatively high production requirements. Tracking the number and speed at which engines can be produced is critical for the delivery of our launch cadence. | Manufactured/Tested:<br>2020: 5/6<br>2019: 2/1<br>150/500% increase |
| Suborbital vehicles manufactured | |
| A key step to achieving commercial viability is to have a secondary fleet of Skyrora L vehicles for Sub Orbital flights. This indicator allows us to track. our progress in producing a sustainable production to provide the launch cadence required. | Manufactured:<br>2020: 1<br>2019: 0 |
| Ground facilities | |
| A key technical step is for the expansion of our ground testing and manufacturing facilities and to vertically integrate our production and testing to provide better control over our launch vehicle production. | Facilities:<br>2020: 2<br>2019: 1<br>100% increase |
| Technical staff growth | |
| Technical staff globally (including our office in the UK and Ukraine) has grown 7% to 133 people. Technical growth in staff is proportional to the speed we can develop systems and equipment. It is essential that we measure our staff growth against milestone achievement to ensure effective growth. | Headcount:<br>2020: 133<br>2019: 124<br>7% increase |
| Operational and commercial | |
| LOIs signed | |
| The number of LOIs signed increased by 25% to 25. LOIs represent an asset of interested parties ready to be converted into customers. LOIs support business plan with revenue projections and demonstrate client and partner confidence in Skyrora achieving the commercial phase. | 2020: 25<br>2019: 20<br>75% increase |
| Staff growth | |
| Overall headcount of our offices globally has grown 7% to 151 people (including contractors). Staff growth is proportional to the speed we can develop systems and grow our business. It is essential that we measure our staff growth against milestone achievement to ensure effective growth. | Growth:<br>2020: 151<br>2019: 141<br>7% increase |

# GROUP STRATEGIC REPORT (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2020

***Financial review***

A summary of the financial metrics used to measure our performance, including key performance indicators and alternative performance measures (APMs) where appropriate, is shown below.

2020 has brought significant uncertainty, compounded by COVID-19, concerning macro trends, including investment market volatility and foreign exchange. However, we have a resilient and robust balance sheet designed to withstand volatility.

Our principal operating entities are well capitalised and operating within their respective normal working ranges. In 2020, we added approximately 75% of additional capital to cover R&D expense, CAPEX and operational costs 2020 and 2021, representing 100% of our funding target. At the same time, the grant funding received in 2020 from the UK Government was insufficient. We have marked grants as one of our most important areas for development in 2021.

Non-space subsidiaries have demonstrated significantly improved revenue performance, increasing revenues by 79% to £4,001 thousand.

We have set out our targets to improve cost efficiency, reduce forex losses and enhance sustainable capital generation while investing wisely to grow the company. Our focus is on increasing the company's value safely by sustaining private and public funding and avoiding volatility through prudent and proactive financial management. Our 2020 results show we are on the right path, and we envisage significant upside in performance and value from delivering further progress.

***Financial KPIs***

| | |
|---|---|
| Capital and liquidity | |
| Private funding | |
| Private investments into the group's capital increased 75% to £35,000 thousand in line with our two-year funding target. Achieving sufficient funding as a key prerequisite in achieving the completion of the commercial service. It demonstrates the investors' confidence in our progression towards the set technical milestones to create the launch service. | 2020: £35,000 thousand<br>2019: £20,001 thousand<br>75% increase |
| Government funding | |
| Government funding raised in 2020 was insufficient. Achieving sufficient funding as a key prerequisite in achieving the completion of the commercial service. | 2020: £8,522<br>2019: £nil |
| Investments into growth | |
| Capital deployment into key technologies development (mainly core space business – Skyrora) increased by 74% to £13,078 thousand in line with our sustainable growth targets. | 2020: £13,078 thousand<br>2019: £7,507 thousand<br>74% increase |
| Revenues | |
| Group revenues from online advertising (non-core business model) increased by 79% to £4,001 thousand, which included significantly improved performance in the UK region and lower operational costs. The revenue from launch services (core business model) was nil as the service was still in development in 2020. | 2020: £4,001 thousand<br>2019: £2,228 thousand<br>79% increase |
| Profit margin | |
| Net profit margin for online advertising services business increased twofold to 22% from 11% in 2019 due to increased investments into online marketing and their efficiency. | 2020: 22%<br>2019: 11%<br>100% increase |

# SKYRORA VENTURES LIMITED

## GROUP STRATEGIC REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2020

**Principal risks and uncertainties**

Types of risk inherent to our business model include commercial, organisational, licensing and space regulations, technical and safety. Financial risks include liquidity risk, currency risk, and credit risk.

Rigorous and consistent risk management is embedded across the Group through our risk management framework. The processes we use to identify, measure, manage, monitor, and report risks are designed to enable dynamic risk-based decision-making and effective day-to-day risk management.

| Description | Mitigating actions |
|---|---|
| Due to the pandemic, there was the risk of nationwide lockdowns disrupting the availability and workflow. It also disrupted supply chain due to isolation and reduced external staff. | Implement a safe working area within the offices and follow the guidelines from the government. |
| A lack of government regulations for space and launch of vehicles made it increasingly difficult to finalise a launch licence application without the necessary guidance. | Engage with the authorities and set up meetings to allow a two-way conversation to guide the application process. |
| Reduced number of skilled jobs in the space sector to allow the production rates required for the business to grow. | Engage with local councils and training organisations to allow more personnel to be trained from a further education standpoint and increase involvement with the sector. |
| Liquidity risk is the risk of not being able to make payments when they become due because there are insufficient assets in cash form. | The group ensures sufficient liquidity to meet foreseeable needs and seeks to invest cash into profitable areas. The group achieves this through management's day to day involvement of the business. |
| Foreign exchange risk. | Foreign exchange differences on assets and liabilities at the balance sheet date are taken into the profit and loss account of the Group. Actions taken to reduce forex losses through proactive financial management and use of forward contracts and other derivatives. |
| Credit risk that principally arises from trade debtors. | To manage credit risk credit limits are set for customers, determined from payment history and third-party credit references. |

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

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V Levykin

Director

Date: 1/13/2022

# SKYRORA VENTURES LIMITED

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, Directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**Principal activity**

The principal activity of the Group is to be the leading UK launch company and to become the number one commercial provider of access to space.

**Results and dividends**

The loss for the year, after taxation, amounted to £4,499,482 *(2019 -loss £3,214,911)*.

**Directors**

The directors who served during the year were:

D H Smith (resigned 31 March 2020)
V Levykin (appointed 31 March 2020)

**Future developments**

On 19 November 2021, the Company issued 50 Ordinary shares with a nominal value of £0.001.

On 23 March 2021 the Group signed the co-funded contract with European Space Agency for "Skyrora XL Launch Service Development Support" for EUR 3,000,000.

# DIRECTORS' REPORT (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2020

**Financial instruments**

The Group's operations expose it to financial risk that include credit and liquidity risk. The details of such risks can be found within the notes of the financial statements.

**Disclosure of information to auditor**

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

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

**Auditor**

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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V Levykin
Director

Date: 1/13/2022

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYRORA VENTURES LIMITED

**Opinion**

We have audited the financial statements of Skyrora Ventures Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Company Statement of financial position, the Consolidated statement of cash flows, the Company Statement of cash flows, the Consolidated statement of changes in equity, the Company Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 28 - 37. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Except for the matters as described in the basis for qualified opinion paragraph, in our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for qualified opinion**

We did not observe the counting of physical inventories at the year end, and we are unable to satisfy ourselves by alternative means concerning the existence and quantities of inventories held at 31 December 2020 as reported in the financial statements of £831,161. As a result, we are unable to determine whether adjustments were needed to inventories as well as items of the statement of comprehensive income, statement of cash flows and statement of changes in equity.

**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.

Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included reviewing detailed forecasts and cashflows for 12 months from the date of signing the audit report together with the assumptions underpinning these forecasts. We assessed the Directors' sensitivity analysis and the reasonableness of these documents by reference to market conditions. We also reviewed available banking facilities and covenant requirements.

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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYRORA VENTURES LIMITED (CONTINUED)

***Other information***

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's 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 on page 8, 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.

**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.

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:

- Enquiry of management and entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with law and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rational of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 auditor's report.

**Other matters**

In the previous accounting period the director of the Company took advantage of audit exemption under s477 of the Companies Act. Therefore, the prior period financial statements were not subject to audit.

**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.

Andrew Moyser FCA FCCA (Senior statutory auditor)
for and on behalf of
**MHA MacIntyre Hudson**
Chartered Accountants
Statutory Auditor
2 London Wall Place
London
EC2Y 5AU
Date: 17/01/2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020<br>£ | *As restated Unaudited 2019*<br>*£* |
|---|---|---|---|
| **Revenue** | 6 | **3,898,667** | *280,307* |
| Cost of sales | | **(3,739,972)** | *(1,998,635)* |
| **Gross profit/(loss)** | | **158,695** | *(1,718,328)* |
| Other operating income | 7 | **70,388** | *25,753* |
| Administrative expenses | | **(5,683,113)** | *(2,621,308)* |
| **Loss from operations** | | **(5,454,030)** | *(4,313,883)* |
| Finance income | | **5,820** | *11* |
| Finance expense | | **(2,785)** | *(29,469)* |
| **Loss before tax** | | **(5,450,995)** | *(4,343,341)* |
| Tax credit | 13 | **951,513** | *1,128,430* |
| **Loss for the year** | | **(4,499,482)** | *(3,214,911)* |
| **Other comprehensive income:** | | | |
| **Items that will or may be reclassified to profit or loss:** | | | |
| Exchange gains arising on translation on foreign operations | | **(17,913)** | *2,350* |
| **Total comprehensive income** | | **(4,517,395)** | *(3,212,561)* |

The notes on pages 28 to 58 form part of these financial statements.

# SKYRORA VENTURES LIMITED
REGISTERED NUMBER: SC586664

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2020

| | Note | 31 December 2020 £ | As restated Unaudited 31 December 2019 £ | As restated Unaudited 1 January 2019 £ |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 14 | **417,162** | *311,477* | *239,354* |
| Intangible assets | 15 | **3,524** | *10,011* | *14,795* |
| Deferred tax assets | 13 | **2,398** | *4,381* | *15,754* |
| | | **423,084** | *325,869* | *269,903* |
| **Current assets** | | | | |
| Inventories | 17 | **831,161** | *396,564* | *150,827* |
| Trade and other receivables | 18 | **8,319,669** | *4,965,559* | *7,874,724* |
| Cash and cash equivalents | 27 | **16,177,179** | *9,356,429* | *357,790* |
| | | **25,328,009** | *14,718,552* | *8,383,341* |
| **Total assets** | | **25,751,093** | *15,044,421* | *8,653,244* |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Trade and other liabilities | 19 | **50,437** | - | *57,725* |
| | | **50,437** | - | *57,725* |
| **Current liabilities** | | | | |
| Bank overdraft | 27 | **611** | - | - |
| Trade and other liabilities | 19 | **906,222** | *733,203* | *483,740* |
| Loans and borrowings | 20 | **-** | - | *600,000* |
| | | **906,833** | *733,203* | *1,083,740* |
| **Total liabilities** | | **957,270** | *733,203* | *1,141,465* |
| **Net assets** | | **24,793,823** | *14,311,218* | *7,511,779* |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2020

| | Note | **31 December 2020 £** | *As restated Unaudited 31 December 2019 £* | *As restated Unaudited 1 January 2019 £* |
|---|---|---|---|---|
| **Issued capital and reserves attributable to owners of the parent** | | | | |
| Share capital | 21 | **35,000,001** | *20,000,001* | *10,000,001* |
| Foreign exchange reserve | | **(12,085)** | *5,828* | *(8,522)* |
| Retained earnings | | **(10,194,093)** | *(5,694,611)* | *(2,479,700)* |
| | | **24,793,823** | *14,311,218* | *7,511,779* |
| **TOTAL EQUITY** | | **24,793,823** | *14,311,218* | *7,511,779* |

The financial statements on pages 13 to 58 were approved and authorised for issue by the board of directors and were signed on its behalf by:

DocuSigned by:

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V Levykin
Director
Date: 1/13/2022

The notes on pages 28 to 58 form part of these financial statements.

# SKYRORA VENTURES LIMITED
REGISTERED NUMBER: SC586664

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Note | 31 December 2020 £ | *As restated Unaudited 31 December 2019 £* | *As restated Unaudited 1 January 2019 £* |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 14 | **932** | *1,398* | - |
| Other non-current investments | 16 | **9,138,341** | *7,507,701* | *1,987,200* |
| | | **9,139,273** | *7,509,099* | *1,987,200* |
| **Current assets** | | | | |
| Trade and other receivables | 18 | **9,683,252** | *3,100,224* | *7,743,789* |
| Cash and cash equivalents | 27 | **14,647,603** | *9,018,385* | *223,474* |
| | | **24,330,855** | *12,118,609* | *7,967,263* |
| **Total assets** | | **33,470,128** | *19,627,708* | *9,954,463* |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other liabilities | 19 | **188,555** | *7,680* | *1,780* |
| **Total liabilities** | | **188,555** | *7,680* | *1,780* |
| **Net assets** | | **33,281,573** | *19,620,028* | *9,952,683* |
| **Issued capital and reserves attributable to owners of the parent** | | | | |
| Share capital | 21 | **35,000,001** | *20,000,001* | *10,000,001* |
| Retained earnings | | **(1,718,428)** | *(379,973)* | *(47,318)* |
| **TOTAL EQUITY** | | **33,281,573** | *19,620,028* | *9,952,683* |

The Company's loss for the year was £1,338,455 (2019 - £332,655).

The financial statements on pages 9 to 36 were approved and authorised for issue by the board of directors and were signed on its behalf by:

DocuSigned by:

5B227D6FE8744A3...

V Levykin
Director
Date: 1/13/2022

The notes on pages 17 to 36 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Share capital | Foreign exchange reserve | Retained earnings (restated) | Total attributable to equity holders of parent (restated) | Total equity (restated) |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **At 1 January 2020 (as previously stated)** | 20,000,001 | 5,460 | (5,674,246) | 14,331,215 | 14,331,215 |
| Impact of transition to IFRS (see note 2.2) | - | 368 | (20,365) | (19,997) | (19,997) |
| **At 1 January 2020 (as restated)** | 20,000,001 | 5,828 | (5,694,611) | 14,311,218 | 14,311,218 |
| **Comprehensive income for the year** | | | | | |
| Loss for the year | - | - | (4,499,482) | (4,499,482) | (4,499,482) |
| Other comprehensive income | - | (17,913) | - | (17,913) | (17,913) |
| **Total comprehensive income for the year** | - | (17,913) | (4,499,482) | (4,517,395) | (4,517,395) |
| **Contributions by and distributions to owners** | | | | | |
| Issue of share capital | 15,000,000 | - | - | 15,000,000 | 15,000,000 |
| **Total contributions by and distributions to owners** | 15,000,000 | - | - | 15,000,000 | 15,000,000 |
| **At 31 December 2020** | **35,000,001** | **(12,085)** | **(10,194,093)** | **24,793,823** | **24,793,823** |

The notes on pages 28 to 58 form part of these financial statements.

# SKYRORA VENTURES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

| | Share capital | Foreign exchange reserve | Retained earnings (restated) | Total attributable to equity holders of parent (restated) | Total equity (restated) |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **At 1 January 2019 (as previously stated)** | 10,000,001 | 3,478 | (2,454,861) | 7,548,618 | 7,548,618 |
| Impact of transition to IFRS (see note 2.2) | - | - | (24,839) | (24,839) | (24,839) |
| **At 1 January 2019 (as restated)** | 10,000,001 | 3,478 | (2,479,700) | 7,523,779 | 7,523,779 |
| **Comprehensive income for the year** | | | | | |
| Loss for the year | - | - | (3,214,911) | (3,214,911) | (3,214,911) |
| Other comprehensive income | - | 2,350 | - | 2,350 | 2,350 |
| **Total comprehensive income for the year** | - | 2,350 | (3,214,911) | (3,212,561) | (3,212,561) |
| **Contributions by and distributions to owners** | | | | | |
| Issue of share capital (as restated) | 10,000,000 | - | - | 10,000,000 | 10,000,000 |
| **Total contributions by and distributions to owners** | 10,000,000 | - | - | 10,000,000 | 10,000,000 |
| **At 31 December 2019** | **20,000,001** | **5,828** | **(5,694,611)** | **14,311,218** | **14,311,218** |

The notes on pages 28 to 58 form part of these financial statements.

# SKYRORA VENTURES LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2020

| | Share capital | Retained earnings *(restated)* | Total equity *(restated)* |
|---|---|---|---|
| | £ | £ | £ |
| **At 1 January 2020 (as previously stated)** | 16,900,001 | (379,973) | 16,520,028 |
| Prior year adjustment (note 28) | 3,100,000 | - | 3,100,000 |
| **At 1 January 2020 (as restated)** | 20,000,001 | (379,973) | 19,620,028 |
| **Comprehensive income for the year** | | | |
| Loss for the year | - | (1,338,455) | (1,338,455) |
| **Total comprehensive income for the year** | - | (1,338,455) | (1,338,455) |
| **Contributions by and distributions to owners** | | | |
| Issue of share capital | 15,000,000 | - | 15,000,000 |
| **Total contributions by and distributions to owners** | 15,000,000 | - | 15,000,000 |
| **At 31 December 2020** | **35,000,001** | **(1,718,428)** | **33,281,573** |

The notes on pages 17 to 36 form part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

| | Share capital | Retained earnings (restated) | Total equity (restated) |
|---|---|---|---|
| | £ | £ | £ |
| **At 1 January 2019 (as previously stated)** | 2,256,213 | (47,318) | 2,208,895 |
| Prior year adjustment (note 28) | 7,743,788 | - | 7,743,788 |
| **At 1 January 2019 (as restated)** | 10,000,001 | (47,318) | 9,952,683 |
| **Comprehensive income for the year** | | | |
| Loss for the year | - | (332,655) | (332,655) |
| **Total comprehensive income for the year** | - | (332,655) | (332,655) |
| **Contributions by and distributions to owners** | | | |
| Restated Issue of share capital | 10,000,000 | - | 10,000,000 |
| **Total contributions by and distributions to owners** | 10,000,000 | - | 10,000,000 |
| **At 31 December 2019** | **20,000,001** | **(379,973)** | **19,620,028** |

The notes on pages 17 to 36 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 £ | *2019 £* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | **(4,499,482)** | *(3,214,911)* |
| Depreciation of property, plant and equipment | **201,420** | *157,505* |
| Amortisation of intangible fixed assets | **8,992** | *9,378* |
| Finance income | **(5,820)** | *(11)* |
| Finance expense | **2,785** | *29,469* |
| Loss on disposal of property, plant and equipment | **894** | *-* |
| Net foreign exchange loss/(gain) | **24,275** | *(24,056)* |
| Income tax expense | **(951,513)** | *(1,128,430)* |
| | **(5,218,449)** | *(4,171,056)* |
| **Movements in working capital:** | | |
| Increase in trade and other receivables | **(1,878,303)** | *(449,442)* |
| Increase in inventories | **(434,597)** | *(245,737)* |
| Increase/(decrease) in trade and other payables | **192,625** | *(377,431)* |
| **Cash generated from operations** | **(7,338,724)** | *(5,243,666)* |
| Income taxes paid | **1,285,528** | *(163,986)* |
| **Net cash used in operating activities** | **(6,053,196)** | *(5,407,652)* |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | **(352,692)** | *(207,816)* |
| Interest received | **5,820** | *11* |
| **Net cash used in investing activities** | **(346,872)** | *(207,805)* |
| **Cash flows from financing activities** | | |
| Issue of ordinary shares | **13,222,992** | *14,643,565* |
| Interest paid | **(2,785)** | *(29,469)* |
| **Net cash from financing activities** | **13,220,207** | *14,614,096* |
| **Net cash increase in cash and cash equivalents** | **6,820,139** | *8,998,639* |
| Cash and cash equivalents at the beginning of year | **9,356,429** | *357,790* |
| **Cash and cash equivalents at the end of the year** | **16,176,568** | *9,356,429* |

The notes on pages 28 to 58 form part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | (1,338,455) | *(332,655)* |
| **Adjustments for** | | |
| Depreciation of property, plant and equipment | 466 | *466* |
| | (1,337,989) | *(332,189)* |
| **Movements in working capital:** | | |
| Increase in trade and other receivables | (4,806,020) | - |
| Increase in trade and other payables | 180,875 | *5,900* |
| **Cash generated from operations** | (5,963,134) | *(326,289)* |
| **Net cash used in operating activities** | (5,963,134) | *(326,289)* |
| **Cash flows from investing activities** | | |
| Acquisition of subsidiary, net of cash acquired | (1,630,640) | *(5,520,501)* |
| Purchases of property, plant and equipment | - | *(1,864)* |
| **Net cash used in investing activities** | (1,630,640) | *(5,522,365)* |
| **Cash flows from financing activities** | | |
| Issue of ordinary shares | 13,222,992 | *14,643,565* |
| **Net cash from financing activities** | 13,222,992 | *14,643,565* |
| **Net cash increase in cash and cash equivalents** | 5,629,218 | *8,794,911* |
| Cash and cash equivalents at the beginning of year | 9,018,385 | *223,474* |
| **Cash and cash equivalents at the end of the year** | 14,647,603 | *9,018,385* |

The notes on pages 28 to 58 form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 1. General information

Skyrora Ventures Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in Scotland. The Company's registered office, which is also its principal place of business, can be found on the company information page of the financial statements.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The nature of the Group's operation and its principal activities are set in the strategic report.

## 2. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the EU (collectively IFRSs). They were authorised for issue by the Company's board of directors.

For all periods up to and including the year ended 31 December 2019, the Parent Company prepared financial statements in accordance with FRS 102 and members of the Group prepared their financial statements in accordance with local generally accepted accounting principles (Local GAAP) or IFRS. These financial statements for the year ended 31 December 2020 are the first consolidated financial statements the Group has prepared and is the first time the Parent Company has prepared financial statements in accordance with IFRS. Refer to Note 2.2 for information on how the Group adopted IFRS.

Details of the Group's accounting policies, including changes during the year, are included in note 3.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

### 2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| Items | **Measurement basis** |
|---|---|
| Right of use assets | Historical cost less accumulated amortisation and accumulated impairment loss adjusted to the revaluation of the lease liabilities. |

## 2. Basis of preparation (continued)

### 2.2 Changes in accounting policies

#### i) First time adoption of IFRS

In the year ended 31 December 2020 the Company prepared their financial statements under IFRS, having previously prepared financial statements under FRS102. The date of transition for this purpose is 1 January 2019. No adjustments were required to any values in the Parent Company's financial statements due to the change. As these are the first Group consolidated financial statements prepared no prior year adjustments were required but the impact of applying IFRS on the Group financial statements compared to that under FRS102 has been quantified.

The following tables summarise the impact of adopting new accounting standards on the Group's consolidated financial statements.

Consolidated statement of financial position (extract)

| | 31 December 2019 Before transition to IFRS £ | IFRS 16 £ | 31 December 2019 As restated £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 256,707 | 54,770 | **311,477** |
| Intangible assets | 10,011 | - | **10,011** |
| Deferred tax assets | - | 4,381 | **4,381** |
| | **266,718** | **59,151** | **325,869** |
| **Current assets** | | | |
| Inventories | 396,564 | - | **396,564** |
| Trade and other receivables | 4,965,559 | - | **4,965,559** |
| Cash and cash equivalents | 9,356,429 | - | **9,356,429** |
| | **14,718,270** | - | **14,718,270** |
| **Total assets** | **14,985,270** | **59,151** | **15,044,421** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Trade and other liabilities | (654,097) | (79,106) | **(733,203)** |
| | **(654,097)** | **(79,106)** | **(733,203)** |
| **Total liabilities** | **(654,097)** | **(79,106)** | **(733,203)** |
| **NET ASSETS** | **14,331,173** | **(19,955)** | **14,311,218** |

**2. Basis of preparation (continued)**

**2.2 Changes in accounting policies (continued)**

**i) First time adoption of IFRS (continued)**

Consolidated statement of financial position (extract) (continued)

| | 31 December 2019 Before transition to IFRS £ | IFRS 16 £ | 31 December 2019 As restated £ |
|---|---|---|---|
| **Issued capital and reserves attributable to owners of the parent** | | | |
| Share capital | 20,000,001 | - | **20,000,001** |
| Foreign exchange reserve | 5,460 | 368 | **5,828** |
| Retained earnings | (5,674,286) | (20,325) | **(5,694,611)** |
| | **14,331,175** | **(19,957)** | **14,311,218** |
| **TOTAL EQUITY** | **14,331,175** | **(19,957)** | **14,311,218** |

**2. Basis of preparation (continued)**

**2.2 Changes in accounting policies (continued)**

**i) First time adoption of IFRS (continued)**

Consolidated statement of comprehensive income (extract)

| | 2019 Before transition to IFRS £ | Other £ | 2019 As restated £ |
|---|---|---|---|
| **Revenue** | 280,307 | - | **280,307** |
| Cost of sales | (1,982,433) | (16,202) | **(1,998,635)** |
| **Gross loss** | **(1,702,126)** | **(16,202)** | **(1,718,328)** |
| Other operating income | 25,753 | - | **25,753** |
| Administrative expenses | (2,621,308) | - | **(2,621,308)** |
| **Loss from operations** | **(4,297,681)** | **(16,202)** | **(4,313,883)** |
| Finance income | 11 | - | **11** |
| Finance expense | (13,731) | (15,738) | **(29,469)** |
| **Loss before tax** | **(4,311,401)** | **(31,940)** | **(4,343,341)** |
| Tax credit | 1,128,430 | - | **1,128,430** |
| **Loss from continuing operations** | **(3,182,971)** | **(31,940)** | **(3,214,911)** |
| **Other comprehensive income** | | | |
| **Items that will or may be reclassified to profit or loss:** | | | |
| Exchange gains arising on translation of foreign operations | 2,104 | (369) | **1,735** |
| | **2,104** | **(369)** | **1,735** |
| **Other comprehensive income for the year, net of tax** | 2,104 | (369) | **1,735** |
| **Total comprehensive income** | **(3,180,867)** | **(32,309)** | **(3,213,176)** |

## 2. Basis of preparation (continued)

Consolidated statement of financial position (extract)

| | 1 January 2019 Before transition to IFRS £ | IFRS 16 £ | 1 January 2019 As restated £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 145,418 | 93,936 | **239,354** |
| Intangible assets | 14,795 | - | **14,795** |
| Deferred tax assets | - | 15,754 | **15,754** |
| | **160,213** | **109,690** | **269,903** |
| **Current assets** | | | |
| Inventories | 150,827 | - | **150,827** |
| Trade and other receivables | 7,874,724 | - | **7,874,724** |
| Cash and cash equivalents | 357,790 | - | **357,790** |
| | **8,383,341** | **-** | **8,383,341** |
| **Total assets** | **8,543,554** | **109,690** | **8,653,244** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Trade and other liabilities | - | (57,725) | **(57,725)** |
| | **-** | **(57,725)** | **(57,725)** |
| **Current liabilities** | | | |
| Trade and other liabilities | (425,192) | (58,548) | **(483,740)** |
| Loans and borrowings | (600,000) | - | **(600,000)** |
| | **(1,025,192)** | **(58,548)** | **(1,083,740)** |
| **Total liabilities** | **(1,025,192)** | **(116,273)** | **(1,141,465)** |
| **NET ASSETS** | **7,518,362** | **(6,583)** | **7,511,779** |

**2. Basis of preparation (continued)**

| | 1 January 2019 Before transition to IFRS £ | IFRS 16 £ | 1 January 2019 As restated £ |
|---|---|---|---|
| **Issued capital and reserves attributable to owners of the parent** | | | |
| Share capital | 10,000,001 | - | **10,000,001** |
| Foreign exchange reserve | (8,522) | - | **(8,522)** |
| Retained earnings | (2,473,117) | (6,583) | **(2,479,700)** |
| | **7,518,362** | **(6,583)** | **7,511,779** |
| **TOTAL EQUITY** | **7,518,362** | **(6,583)** | **7,511,779** |

**ii) New standards, interpretations and amendments not yet effective**

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 1 - First-time adoption of International Financial Reporting Standards - Amendments - 1 January 2022 IFRS Conceptual Framework - Amendments - 1 January 2022
IFRS 9 - Financial Instruments - Amendments - 1 January 2022
IAS 16 - Property, Plant and Equipment - Amendments - 1 January 2022
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amendments - 1 January 2022
IAS 39 - Financial Instruments: Recognition and Measurement - Amendments - 1 January 2021.

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

**3. Accounting policies**

**3.1 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

**3. Accounting policies (continued)**

**3.1 Basis of consolidation (continued)**

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**3.2 Going concern**

The financial statements have been prepared on a going concern basis, which assumes the group will continue to trade in operational existence for the foreseeable future. In March 2020, the World Health Organisation declared a global pandemic linked to the outbreak of COVID-19, and in response the UK Government along with many governments worldwide introduced stringent social and economic lockdown measures to contain and control the spread of the virus. These measures have had a significant impact on the global economy, and on trading conditions for the business.

In their assessment, the director considered severe but plausible downside scenarios and their impact on the group and its ability to continue as a going concern. To estimate any potential impact on the group, the director reassessed the components of capital, liquidity, and the group's financial position and concluded that the going concern basis is still appropriate.

The group has a significant amount of cash reserves to ensure it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future. Post year end, the group obtained grant income under a contract signed with the European Space Agency which has seen the cash reserve increase by EUR 1,655,082 and a further cash injection by the shareholders of £3,000,000. As a result of these actions and those described above, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

**3. Accounting policies (continued)**

**3.3 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue for the year comprises commission from the resale of marketing traffic to advertisers through a third party platform. Revenue is recognised as it is sold to advertisers on a cost per lead basis.

**3.4 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and recognised as a right-of-use asset, as detailed below. All other leases are classified as operating leases.

**The Group as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Group uses the rate of raising additional borrowed funds on the lease commencement date, if the interest rate provided for the lease in agreement cannot be easily determined.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'trade and other payables' line in the Consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

## 3. Accounting policies (continued)

### 3.4 Leasing (continued)

**The Group as a lessee (continued)**

### 3.5 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

**3. Accounting policies (continued)**

**3.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.7 Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**3.8 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**3. Accounting policies (continued)**

**3.8 Taxation (continued)**

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates and laws that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the expected manner of recovery of the assets and how the carrying amounts of liabilities are settled.

**3.9 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

| | |
|---|---|
| Freehold property | 4 years straight line |
| Construction in progress | 4 years straight line |
| Right of use asset | Over the life of the lease |
| Plant and machinery | 10 years straight line |
| Motor vehicles | 3 years straight line |
| Fixtures and fittings | 4 -10 years straight line |
| Office equipment | 3 years straight line |
| Production Equipment | 4 - 10 years straight line |

**3. Accounting policies (continued)**

**3.10 Intangible assets**

**(i) Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

| | |
|---|---|
| Development expenditure | 10 - 20 years on a straight line basis. |

**(ii) Internally-generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**3.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.12 Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## 3. Accounting policies (continued)

### 3.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### 3.14 Financial liabilities and equity instruments

**(i) Classification as debt or equity**

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**(ii) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'fair value gains/losses' line item.

**3. Accounting policies (continued)**

**3.14 Financial liabilities and equity instruments (continued)**

**(ii) Financial liabilities (continued)**

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 24.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income' or 'finance expense' line item, for gains and losses respectively, in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

## 3. Accounting policies (continued)

### 3.15 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

### 3.16 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 know amounts of cash with insignificant risk of change in value.

### 3.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

## 4. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

## 5. Accounting estimates and judgments

### 5.1 Judgment

In the application of the company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of asses and liabilities that are not readily apparent from other sources. *The estimates and associated assumptions are based on historic 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to depreciation, potential impairments of investments in subsidiaries, and classification of preference shares between equity and liability.

Management has assessed the recoverability of inter-company and related company balances based on the expected future performance of the concerned companies, including financial performance (expected to become revenue-generating in the coming years), and identifying any potential risks of their operations. The judgment did not result in any material provisions.

**5. Accounting estimates and judgments (continued)**

**5.2 Estimates and assumptions**

Useful economic lives of property, plant and equipment

The Company assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8, Accounting Policies, Changes in Accounting, Estimates and Errors. These estimates may have a material impact on the carrying values of property, plant and equipment and on depreciation recognised in the statement of comprehensive income.

Inventories

Management assess the need to write off inventories to their net realisable value, taking into account the price at which inventories can be sold on the reporting date with the purpose for which the inventories are stored. If the cost of inventories is not covered completely, the Group must take into account the adjustment of inventories' cost to their net realisable value. Net realisable value is estimated with reference to market conditions and prices, external consulting, and results of the recent market transactions.

**6. Revenue**

The following is an analysis of the Group's revenue for the year from continuing operations:

| | **2020** | *2019* |
|---|---|---|
| | **£** | *£* |
| Provision of services | **3,898,667** | *280,307* |
| | **3,898,667** | *280,307* |

Analysis of revenue by country of destination:

| | **2020** | *2019* |
|---|---|---|
| | **£** | *£* |
| United Kingdom | **3,898,667** | *280,307* |
| | **3,898,667** | *280,307* |

All revenue relates to the resale of marketing traffic and is recognised at a point in time, being at the point the lead is generated for advertisers.

## 7. Other operating income

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Other operating income | **61,866** | *16,600* |
| Government grants receivable | **8,522** | - |
| Sundry income | - | *9,153* |
| | **70,388** | *25,753* |

The government grant income relates to utilisation of the Coronavirus Job Retention Scheme as a contribution towards wages costs.

## 8. Expenses by nature

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Depreciation of property, plant and equipment | **201,420** | *157,505* |
| Amortisation of intangible assets | **8,892** | *9,378* |
| Research and development costs | **2,430,189** | *4,081,062* |

## 9. Employee benefit expenses

**Group**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| **Employee benefit expenses (including directors) comprise:** | | |
| Wages and salaries | **1,147,577** | *425,226* |
| National insurance | **58,035** | *163,742* |
| Defined contribution pension cost | **9,345** | *16,078* |
| | **1,214,957** | *605,046* |

**9. Employee benefit expenses (continued)**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprises the directors of the Company listed on page 1.

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Salary | 70,000 | 9,000 |
| Company contributions to pension schemes | 1,314 | - |
| | 71,314 | 9,000 |

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

| | 2020<br>No. | 2019<br>No. |
|---|---|---|
| Administration | 41 | 32 |
| Production | 15 | 7 |
| Technical and R&D | 134 | 104 |
| Directors | 2 | 2 |
| | 192 | 145 |

The monthly average number of persons, including the directors, employed by the Company during the year was 1, (2019: 1).

**10. Auditor's remuneration**

During the year, the Group obtained the following services from the Group's auditor and its associates:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements | 38,500 | - |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| All non-audit services not included above | - | 42,500 |

**11. Directors' remuneration**

| | 2020 £ | 2019 £ |
|---|---|---|
| Directors' emoluments | 70,000 | 9,000 |
| Company contributions to pension schemes | 1,314 | - |
| | 71,314 | 9,000 |

**12. Finance income and expense**

Recognised in profit or loss

| | 2020 £ | 2019 £ |
|---|---|---|
| Finance income | | |
| Interest on: | | |
| - Bank deposits | - | 11 |
| **Total interest income arising from financial assets measured at amortised cost** | - | 11 |
| Other interest receivable | 5,820 | - |
| **Total finance income** | 5,820 | 11 |
| **Finance expense** | | |
| Bank interest payable | 2,785 | 29,469 |
| **Total finance expense** | 2,785 | 29,469 |
| **Net finance income/(expense) recognised in profit or loss** | 3,035 | (29,458) |

## 13. Tax expense

### 13.1 Income tax recognised in profit or loss

| | 2020 £ | *2019 £* |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year | **(947,283)** | *(1,141,606)* |
| Adjustments in respect of prior years | **(6,213)** | *1,803* |
| **Total current tax** | **(953,496)** | *(1,139,803)* |
| **Deferred tax expense** | | |
| Origination and reversal of timing differences | **1,983** | *11,373* |
| **Total deferred tax** | **1,983** | *11,373* |
| | **(951,513)** | *(1,128,430)* |
| **Total tax expense** | | |
| Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures | **(951,513)** | *(1,128,430)* |
| | **(951,513)** | *(1,128,430)* |

**13. Tax expense (continued)**

**13.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Loss for the year | (4,499,482) | *(3,214,911)* |
| Income tax credit/expense (including income tax on associate, joint venture and discontinued operations) | (951,513) | *(1,128,430)* |
| **Loss before income taxes** | (5,450,995) | *(4,343,341)* |
| Tax using the Company's domestic tax rate of 19% (2019:19%) | (1,035,689) | *(825,235)* |
| Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment | 4,857 | *22,242* |
| Capital allowances for the year in excess of depreciation | - | *12,690* |
| Surrender of tax losses for research and development credit | 237,532 | - |
| Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge | (750,795) | *(1,152,788)* |
| Variance to overseas tax rate | 10,849 | *(1,056)* |
| Adjustment in relation to prior period | (6,213) | *1,803* |
| Deferred tax | (9,410) | *(6,283)* |
| Adjustment in deferred tax not recognised | 597,356 | *820,197* |
| ***Total tax expense*** | (951,513) | *(1,128,430)* |

**13. Tax expense (continued)**

**13.2 Current tax assets and liabilities**

| | 2020 £ | *2019 £* |
|---|---|---|
| **Current tax assets** | | |
| **Current tax liabilities** | | |
| Corporation tax payable | - | *6,290* |
| | - | *6,290* |

**13.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

| | 2020 £ | *2019 £* |
|---|---|---|
| **Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:** | | |
| - tax losses (revenue in nature) | **473,926** | - |
| | **473,926** | - |

## 14. Property, plant and equipment

**Group**

| | Freehold property £ | Construction in progress £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ |
|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | |
| At 1 January 2019 | - | 7,235 | 31,387 | - | 32,745 | 24,095 |
| Additions | - | 105,767 | - | 17,850 | 64,704 | 19,495 |
| Transfers between classes | - | (108,985) | - | - | 15,584 | - |
| Foreign exchange movements | - | 536 | - | - | 3,557 | 950 |
| **At 31 December 2019** | - | 4,553 | 31,387 | 17,850 | 116,590 | 44,540 |
| Additions | - | 185,517 | 22,862 | 2,095 | 11,846 | 17,596 |
| Disposals | - | - | - | - | - | - |
| Transfers between classes | 879 | (165,284) | - | - | 21,171 | - |
| Foreign exchange movements | (41) | (12,282) | - | - | (5,874) | (1,526) |
| **At 31 December 2020** | **838** | **12,504** | **54,249** | **19,945** | **143,733** | **60,610** |

**14. Property, plant and equipment (continued)**

| | Freehold property £ | Construction in progress £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ |
|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2019 | - | - | 262 | - | 15,981 | 2,489 |
| Charge owned for the year | - | - | 4,708 | 1,961 | 24,979 | 15,387 |
| Exchange adjustments | - | - | - | - | 2,671 | 176 |
| **At 31 December 2019** | - | - | 4,970 | 1,961 | 43,631 | 18,052 |
| Charge owned for the year | 52 | - | 4,596 | 5,950 | 31,810 | 16,584 |
| Disposals | - | - | - | - | - | - |
| Exchange adjustments | (4) | - | - | - | (7,210) | (496) |
| **At 31 December 2020** | **48** | - | **9,566** | **7,911** | **68,231** | **34,140** |
| **Net book value** | | | | | | |
| At 1 January 2019 | - | 7,235 | 31,125 | - | 16,764 | 21,606 |
| At 31 December 2019 | - | 4,553 | 26,417 | 15,889 | 72,959 | 26,488 |
| At 31 December 2020 | 790 | 12,504 | 44,683 | 12,034 | 75,502 | 26,470 |

**14. Property, plant and equipment (continued)**

**14.1. Assets held under leases**

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated statement of financial position is as follows:

| | **31 December 2020** **£** | *31 December 2019* *£* |
|---|---|---|
| Property, plant and equipment owned | **333,363** | *256,708* |
| Right-of-use assets, excluding investment property | **83,799** | *54,769* |
| | **417,162** | *311,477* |

Information about right-of-use assets is summarised below:

**Net book value**

| | **31 December 2020** **£** | *31 December 2019* *£* |
|---|---|---|
| Property | **83,799** | *54,769* |

**Depreciation charge for the year ended**

| | **31 December 2020** **£** | *31 December 2019* *£* |
|---|---|---|
| Right of use assets | **74,563** | *46,738* |

**Additions to right-of-use assets**

| | **31 December 2020** **£** | *31 December 2019* *£* |
|---|---|---|
| Additions to right-of-use assets | **112,776** | - |

**14. Property, plant and equipment (continued)**

**Company**

| | Fixtures and fittings £ |
|---|---|
| **Cost or valuation** | |
| Additions | 1,864 |
| **At 31 December 2019** | 1,864 |
| **At 31 December 2020** | **1,864** |

| | Fixtures and fittings £ |
|---|---|
| **Accumulated depreciation and impairment** | |
| Charge owned for the year | 466 |
| **At 31 December 2019** | 466 |
| Charge owned for the year | 466 |
| **At 31 December 2020** | **932** |
| **Net book value** | |
| At 1 January 2019 | - |
| At 31 December 2019 | 1,398 |
| At 31 December 2020 | 932 |

## 15. Intangible assets

**Group**

| | Development expenditure £ |
|---|---|
| **Cost** | |
| At 1 January 2019 | 16,603 |
| Transfers between classes | 2,924 |
| Foreign exchange movement | 2,324 |
| **At 31 December 2019** | 21,851 |
| Transfers between classes | 3,605 |
| Foreign exchange movement | (3,651) |
| **At 31 December 2020** | **21,805** |

| | Development expenditure £ |
|---|---|
| **Accumulated amortisation and impairment** | |
| At 1 January 2019 | 1,808 |
| Charge for the year | 9,378 |
| Foreign exchange movement | 654 |
| **At 31 December 2019** | 11,840 |
| Charge for the year | 8,992 |
| Foreign exchange movement | (2,551) |
| **At 31 December 2020** | **18,281** |
| **Net book value** | |
| At 1 January 2019 | 14,795 |
| At 31 December 2019 | 10,011 |
| At 31 December 2020 | 3,524 |

## 16. Other non-current investments

Details of the Company's subsidiaries at the end of the reporting period are as follows:

| Name of subsidiary | Principal activity | Proportion of ownership interest and voting power held by the Group |
|---|---|---|
| Skyrora Limited | Professional, scientific and technical services | 100 |
| Enatech Limited | Research and development into composite manufacturin( | 100 |
| Ecosene Limited | Development of an eco friendly fuel production method | 100 |
| Responsive Access Limited | Professional, sceintific and technical services | 100 |
| Orbitalytics Services Limited | Information for the space exploration industry | 100 |
| HTP Chemical Limited | Plant based distillation | 100 |
| Saltire Connect Limited | Professional, sceintific and technical services | 100 |
| Orbitonix Ltd | New orbits of mobile development | 100 |
| Orbitalimpulse Services Ltd | Creation of liquid-propelled engines | 100 |
| Blue Trident Holdings Ltd | Professional, sceintific and technical services | 100 |
| Skyrora UA LLC * | Research and development in the field of space technolo( | 100 |
| Skyrora s.r.o * | Professional, sceintific and technical services | 100 |

The above named subsidiaries all have the same registered address as the Company, which is included on the Company Information page, unless stated below.

All entities are all direct subsidiaries other than those marked with an ' * ' which are indirect subsidiaires. Their parent company is Skyrora Limited. Skyrora UA LLC's registered address is 61 Baykova str. Dnipro. Skyrora s.r.o's registered address is Cintorinska 7, 881 08, Bratislava, Slovakia.

**Company**

| | 2020 | *2019* |
|---|---|---|
| | £ | £ |
| Investment in subsidiaries | 9,138,341 | *7,507,701* |
| | **13,078,646** | *7,507,701* |

## 17. Inventories

**Group**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Raw materials | **831,161** | *396,564* |
| | **831,161** | *396,564* |

The amount of inventories recognised as an expense during the period is £254,893 (2019: £620,554).

## 18. Trade and other receivables

**Group**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Trade receivables | **403,643** | *301,982* |
| Less: provision for impairment of trade receivables | **-** | *-* |
| **Trade receivables - net** | **403,643** | *301,982* |
| Receivables from related parties | **106,848** | *-* |
| Receivables from participating interests | **1,534,885** | *-* |
| **Total financial assets other than cash and cash equivalents classified as amortised cost** | **2,045,376** | *301,982* |
| Prepayments | **218,654** | *115,047* |
| Unpaid share capital | **4,877,232** | *3,100,224* |
| Tax recoverable | **986,523** | *1,318,555* |
| Other receivables | **191,884** | *129,751* |
| **Total trade and other receivables** | **8,319,669** | *4,965,559* |
| Less: current portion - trade receivables | **(403,643)** | *(301,982)* |
| Less: current portion - prepayments | **(218,654)** | *(115,047)* |
| Less: current portion - other receivables | **(191,884)** | *(129,751)* |
| Less: current portion - receivables from related parties | **(106,848)** | *-* |
| Less: current portion - receivables from participating interests | **(1,534,885)** | *-* |
| Less: current portion - taxation recoverable | **(986,523)** | *(1,318,555)* |
| Less: current portion - unpaid share capital | **(4,877,232)** | *(3,100,224)* |
| **Total current portion** | **(8,319,669)** | *(4,965,559)* |
| **Total non-current portion** | **-** | *-* |

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

**18. Trade and other receivables (continued)**

**Company**

| | **2020** £ | *2019* £ |
|---|---|---|
| Receivables from related parties | **3,271,135** | - |
| Receivables from participating interests | **1,534,885** | - |
| **Total financial assets other than cash and cash equivalents classified as financial assets measured at amortised cost** | **4,806,020** | - |
| Unpaid share capital | **4,877,232** | *3,100,224* |
| **Total trade and other receivables** | **9,683,252** | *3,100,224* |
| **Total current trade and other receivables** | **(9,683,252)** | *(3,100,224)* |

The carrying value of trade and other receivables classified as amortised cost approximates fair value.

The Group and Company do not hold any collateral as security.

The Group and Company apply the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterpart and an analysis of the counterpart's current financial position. In determining the recoverability of a trade receivable the Company considers the nature and circumstances of the dispute.

No provision was recognised as at 31 December 2020 (2019: £nil).

The Group and Company have no past due but not impaired trade accounts receivable (2019: nil).

## 19. Trade and other payables

**Group**

| | 2020 £ | *2019 £* |
|---|---|---|
| Trade payables | 354,765 | *553,812* |
| Payables to related parties | 99,637 | - |
| Other payables | 143,918 | *64,937* |
| Accruals | 358,339 | *108,164* |
| **Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost** | 956,659 | *726,913* |
| Other payables - tax and social security payments | - | *6,290* |
| **Total trade and other payables** | 956,659 | *733,203* |
| Less: current portion - trade payables | (354,765) | *(553,812)* |
| Less: current portion - payables to related parties | (99,637) | - |
| Less: current portion - other payables | (93,481) | *(71,227)* |
| Less: current portion - accruals | (358,339) | *(108,164)* |
| **Total current portion** | (906,222) | *(733,203)* |
| **Total non-current position** | 50,437 | - |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Non-current payables comprise lease liabilities on right of use assets.

## 19. Trade and other payables (continued)

**Company**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Payables to related parties | **186,775** | *5,900* |
| Accruals | **1,780** | *1,780* |
| **Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost** | **188,555** | *7,680* |
| **Total current financial liabilities** | **(188,555)** | *(7,680)* |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days (2019: 30 days). For most suppliers no interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 20. Loans and borrowings

**Group**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| **Non-current** | | |
| **Current** | | |
| Overdrafts | **611** | - |
| | **611** | - |
| **Total loans and borrowings** | **611** | |

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

**21. Share capital**

Authorised

| | 2020 Number | 2020 £ | *2019 Number* | *Restated 2019 £* |
|---|---|---|---|---|
| **Shares treated as equity** | | | | |
| Ordinary shares of £0.001 each | **1,000** | **1** | *1,000* | *1* |
| Preference shares of £1,000.000 each | **35,000** | **35,000,000** | *20,000* | *20,000,000* |
| | **36,000** | **35,000,001** | *21,000* | *20,000,001* |

On 25 May 2020, 15,000 preference shares were issued at a nominal value of £15,000,000. At the year end £4,877,232 (2019: £3,100,224) of preference share capital remains unpaid and is included in trade and other receivables. This balance is due on demand and therefore this balance has not been discounted.

The ordinary shares and preference shares are classified as equity shares and entitle the shareholder to the following rights:

Ordinary shares hold full voting rights, one share classifies as one vote and on a poll each member has one vote per share held. Ordinary shares are entitled to dividend on a winding up basis, rank behind that of preference shares for repayment.

Preference shares are entitles to vote on resolutions relating to the winding up of the Company, a reduction of its share capital, the varying of the rights of the preference shares or if the preferential divided is more than months in arrears are entitles to dividends. Preference shares are non-redeemable and hold priority over the ordinary shares in any winding up.

The directors have considered the rights associated with the preference shares along with the associated legal terms of the preference shares and consider that these represent an equity instrument and have accounted for them as such.

The key judgments in arriving at this conclusion were:
- Whilst the preference shareholders are entitled to dividends, the dividends are at the board's discretion;
- No dividend has been approved or accrued at 31 December 2020; and
- The preference shares are non-redeemable.

The points above lead to the conclusion that there is no obligation to pay the dividends to the holder and as such, the preference shares do not have a debt element and are purely equity instruments.

**Issued**

| | 2020 Number | 2020 £ | *2019 Number* | *2019 £* |
|---|---|---|---|---|
| **Ordinary shares of £0.001 each** | | | | |
| At 1 January and 31 December | **1,000** | **1** | *1,000* | *1* |

**21. Share capital (continued)**

| | **2020 Number** | **2020 £** | *2019 Number* | *2019 £* |
|---|---|---|---|---|
| **Preference shares of £1,000.000 each** | | | | |
| At 1 January | **20,000** | **20,000,000** | *10,000* | *10,000,000* |
| Shares issued | **15,000** | **15,000,000** | *10,000* | *10,000,000* |
| **At 31 December** | **35,000** | **35,000,000** | *20,000* | *20,000,000* |

**22. Reserves**

Foreign exchange reserve

The Foreign exchange reserve records the affect of the translation of foreign subsidiaries into Pound Sterling.

Profit and loss account

This reserve records retained earnings and accumulated losses.

**23. Analysis of amounts recognised in other comprehensive income**

| | **Foreign exchange reserve £** |
|---|---|
| **Year to 31 December 2020** | |
| Exchange differences arising on translation of foreign operations | (17,913) |
| | **(17,913)** |

| | **Foreign exchange reserve £** |
|---|---|
| **Year to 31 December 2019** | |
| Exchange differences arising on translation of foreign operations | 2,350 |
| | **2,350** |

## 24. Financial instruments - fair values and risk management

### 24.1 Financial risk management objectives

The management monitors and manages the financial risk relating to the operations of the Group on a periodic basis and analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

### 24.2 Interest rate risk management

The Group was not significantly exposed to interest rate risk.

### 24.3 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Group consists of debt, which includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

### 24.4 Credit risk management

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. The likely credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account the customer's financial position, their reputation in the industry and past trading experience. As a result the Group's exposure to bad debts is not significant. Cash and cash equivalents are held with banks with a minimum rating of 'A'.

### 23.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching maturity profiles of financial assets and liabilities.

## 25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### 25.1 Loans to related parties

| | 2020<br>£ | *2019*<br>£ |
|---|---|---|
| Related party due to common directorship | 1,534,885 | - |
| | 1,534,885 | - |

**26. Controlling party**

Mr Volodymyr Levykin is considered to be the ultimate controlling party.

**27. Notes supporting statement of cash flows**

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| *Cash at bank available on demand* | **16,177,179** | *9,356,429* |
| **Cash and cash equivalents in the statement of financial position** | **16,177,179** | *9,356,429* |
| Bank overdrafts used for cash management purposes | **(611)** | - |
| **Cash and cash equivalents in the statement of cash flows** | **16,176,568** | *9,356,429* |

Cash and cash equivalents of £14,647,603 (2019: £9,018,385) in the Company all relate to cash at bank available on demand.

**28. Events after the reporting date**

**Group**

After the year end date a further £1,432,409 was loaned to Softhetic Development Limited.

**29. Prior period adjustment**

The Company financial statements have been restated through a prior year adjustment to reflect the issue of preference share capital of £3,100,000 (2019: £7,743,788). This adjustment increased trade and other receivables by the same amount.

A prior year adjustment has been made to the Company financial statements to recognise investments in subsidiaries of £5,900. This adjustment increased trade and other payables by the same amount.