

SKYPORTS LIMITED

AUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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SKYPORTS LIMITED

COMPANY INFORMATION

Directors	D C E Walker M A Budd (resigned 19 March 2024) S H C Morrish D Ryan (resigned 7 March 2024) K M Allen (appointed 4 February 2022, resigned 7 March 2024) M Piron (appointed 4 February 2022, resigned 13 June 2023) M Tsuyama (appointed 20 March 2022, resigned 7 March 2024) M Pigulla (appointed 6 March 2023, resigned 7 March 2024) B Kuehn (resigned 1 March 2023) N Haltiwanger (appointed 7 March 2024) O Larangot (appointed 5 July 2023) V Maraña (appointed 7 March 2024) R Villaamil (appointed 7 March 2024)
Registered number	10755230
Registered office	Edinburgh House 170 Kennington Lane London SE11 5DP
Independent auditors	RSM UK Audit LLP Statutory Auditors Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

SKYPORTS LIMITED

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SKYPORTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

Introduction

The directors present the strategic report for the year ended 30 September 2023.

Principal activities

Skyports Limited (the "Company") is the holding company of the Skyports Group of companies (the "Group"). The Skyports Group is at the forefront of transforming urban transportation and logistics with its pioneering efforts in Advanced Air Mobility infrastructure and drone services.

Skyports Infrastructure plays a critical role in the Urban Air Mobility ecosystem; designing, building, owning, and operating vertiports that enable eVTOL operators to take off and land in and around cities across the world.

Skyports Drone Services uses drone technology to enable businesses to develop their logistics, capture key data, and improve operational efficiency. Skyports Drone Services are active in sectors including rural deliveries, survey, surveillance and maritime verticals.

Business review

Both divisions experienced good growth in the year.

Skyports Infrastructure is increasingly important to the air mobility sector as leading vehicle manufacturers are closing in on certification and beginning to shift their focus towards initial operations. Skyports is best placed to become the leading infrastructure provider for passenger and cargo drone operations in the coming years and is active in all of the first mover markets.

Drone Services served more customers than ever before and is a recognised market leader in rural deliveries, offshore deliveries and Beyond Visual Line of Sight surveillance and inspection. Customers are blue chip companies and government organisations whose high safety requirements create a barrier to entry to others and validate our approach to safe operations.

Principal risks and uncertainties

Aviation is a highly regulated industry. Skyports place safety at the forefront of everything we do. Being regulated creates substantial barriers to entry but can also mean delays which are difficult to influence commercially. The prospect of delays in OEM certification and drone regulations poses a risk to the pace at which the business can grow. Further, flying drones carries risk. All of our operations are approved by the relevant regulatory authority, but we are at the forefront of the industry. Our first mover activities by their nature carry risk and we work hard to mitigate risks through training, research and development, strong safety processes and culture and operational evaluations.

Financial key performance indicators

The Director's main focus is on the following key performance indicators for 2023:

Drone Services Revenue & Grant Income: £2.68m (2022: £0.35m)

Infrastructure Revenue & Grant Income: £1.07m (2022: £0.58m)

SKYPORTS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Other key performance indicators

The Director's also consider the following other key performance indicators:

Number of Vertiports built: 3 (2022: 1)
Countries of Incorporation: 9 (2022: 7)
Headcount: 79 (2022: 48)

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

Signed by:



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D C E Walker

Director

Date: 26-09-24

SKYPORTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

The directors present their report and the financial statements for the year ended 30 September 2023.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £6,784,233 (2022 - loss £5,057,491).

No dividends were paid. The directors do not recommend payment of any further dividends.

Directors

The directors who served during the year were:

D C E Walker
M A Budd (resigned 19 March 2024)
S H C Morrish
D Ryan (resigned 7 March 2024)
K M Allen (appointed 4 February 2022, resigned 7 March 2024)
M Piron (appointed 4 February 2022, resigned 13 June 2023)
M Tsuyama (appointed 20 March 2022, resigned 7 March 2024)
M Pigulla (appointed 6 March 2023, resigned 7 March 2024)
B Kuehn (resigned 1 March 2023)
O Larangot (appointed 5 July 2023)

SKYPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Future developments

Skyports Infrastructure continues to focus on growth in the Middle East with the following key projects in the pipeline:

- Skyports Infrastructure signed a contract with the Road and Transport Authority in Dubai to be the exclusive operator of vertiport infrastructure in the emirate; Joby Aviation will operate air taxi services, utilising Skyports' infrastructure;
- Skyports Infrastructure has entered into a contract with Neom in Saudi Arabia to advise on the proposed vertiport network and testing facilities;
- A memorandum of understanding has been agreed with Ras Al Khaimah to investigate the deployment of vertiports in the territory;

Skyports Drone Services has continued to win drone projects with notable contracts including:

- Village Reach in the Democratic Republic of Congo, delivering vaccines to hard-to-reach villages;
- Equinor, delivering to oil rigs in the north sea and;
- the European Space Agency, delivering mail to the Orkney islands.

Branches outside the United Kingdom

During the year the Company set up a branch of Skyports Deliveries in Norway. The registration number is 931 198 327 and the branch was set up on 03 July 2023.

Disclosure of information to auditors

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

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

Post balance sheet events

In March 2024, Skyports closed its Series C fundraising round, raising in excess of \$110m. ACS Group, one of the world's foremost infrastructure and construction companies, made a substantial equity investment in Skyports, becoming the largest investor in the company. Existing shareholder, Paris-based airport operator, Groupe ADP also invested additional capital. The capital will support key developments on both sides of Skyports' business.

SKYPORTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Auditors

The auditors, RSM UK Audit LLP, 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.

Signed by:

Duncan Walker

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D C E Walker
Director

Date: 26-09-24

SKYPORTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKYPORTS LIMITED

Opinion

We have audited the financial statements of Skyports Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023, which comprise the Consolidated statement of income and retained earnings, the Consolidated balance sheet, the Company balance sheet, the Consolidated 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other Matter – Prior period financial statements not audited

The group was exempt from audit in the year ended 30 September 2022 and consequently the corresponding figures are unaudited.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

SKYPORTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKYPORTS 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.

SKYPORTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKYPORTS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

SKYPORTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKYPORTS LIMITED (CONTINUED)

The most significant laws and regulations that have an indirect impact on the financial statements are those set by the Civil Aviation Authority. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with the regulatory authority.

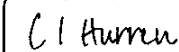
The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of investments using the assistance of a valuation specialist.

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

Use of our report

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

Signed by:



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Christopher Hurren, BA FCA (Senior statutory auditor)

for and on behalf of

RSM UK Audit LLP

Statutory Auditors

Third Floor

One London Square

Cross Lanes

Guildford

Surrey

GU1 1UN

Date: 27-09-24

SKYPORTS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 £	<i>Unaudited</i> 2022 £
Turnover	4	2,185,899	730,314
Cost of sales		(954,033)	(148,914)
Gross profit		1,231,866	581,400
Administrative expenses		(11,486,864)	(6,756,432)
Other operating income		1,843,770	192,192
Operating loss		(8,411,228)	(5,982,840)
Interest receivable and similar income	10	294,383	196,447
Interest payable and similar expenses	11	(21)	(212)
Share of results of associates and joint ventures		(15,481)	(42)
Loss before tax		(8,132,347)	(5,786,647)
Tax on loss	12	1,348,114	729,156
Loss after tax		(6,784,233)	(5,057,491)
Retained earnings			
At the beginning of the year		(9,722,314)	(4,664,823)
Loss for the year attributable to the owners of the parent		(6,784,233)	(5,057,491)
Retained earnings at the end of the year		(16,506,547)	(9,722,314)

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED
REGISTERED NUMBER: 10755230

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	90,308	123,287
Tangible assets	14	847,677	903,125
Investments	15	254,808	254,808
		<u>1,192,793</u>	<u>1,281,220</u>
Current assets			
Debtors: amounts falling due within one year	16	11,661,319	9,251,504
Cash at bank and in hand	17	1,108,232	8,855,591
		<u>12,769,551</u>	<u>18,107,095</u>
Creditors: amounts falling due within one year	18	(1,194,673)	(796,770)
Net current assets		<u>11,574,878</u>	<u>17,310,325</u>
Total assets less current liabilities		<u>12,767,671</u>	<u>18,591,545</u>
Net assets		<u>12,767,671</u>	<u>18,591,545</u>
Capital and reserves			
Called up share capital	21	414,142	413,975
Share premium account	22	26,973,898	26,959,040
Other reserves	22	1,886,178	940,844
Profit and loss account	22	(16,506,547)	(9,722,314)
Equity attributable to owners of the parent Company		<u>12,767,671</u>	<u>18,591,545</u>
		<u>12,767,671</u>	<u>18,591,545</u>

SKYPORTS LIMITED
REGISTERED NUMBER: 10755230

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2023

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

Signed by:

Duncan Walker

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.....
D C E Walker

Director

Date: 26-09-24

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED
REGISTERED NUMBER: 10755230

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2023

		2023	<i>Unaudited as</i>
	Note	£	<i>restated</i>
			2022
			£
Fixed assets			
Tangible assets	14	17,240	57,048
Investments	15	254,812	254,812
		<u>272,052</u>	<u>311,860</u>
Current assets			
Debtors: amounts falling due after more than one year	16	13,740,303	5,308,261
Debtors: amounts falling due within one year	16	8,498,776	8,555,472
Cash at bank and in hand	17	607,060	8,477,235
		<u>22,846,139</u>	<u>22,340,968</u>
Creditors: amounts falling due within one year	18	(223,383)	(361,767)
Net current assets		<u>22,622,756</u>	<u>21,979,201</u>
Total assets less current liabilities		<u>22,894,808</u>	<u>22,291,061</u>
Net assets		<u><u>22,894,808</u></u>	<u><u>22,291,061</u></u>
Capital and reserves			
Called up share capital	21	414,142	413,975
Share premium account	22	26,973,898	26,959,040
Other reserves	22	1,886,178	940,844
Profit and loss account brought forward		(6,022,798)	(3,994,813)
Company loss and deficit of comprehensive income		(356,612)	(2,027,985)
Profit and loss account carried forward		(6,379,410)	(6,022,798)
		<u>22,894,808</u>	<u>22,291,061</u>

The Company's loss and deficit of comprehensive income for the year was £356,612 (2022 (as restated) £2,027,985)

SKYPORTS LIMITED
REGISTERED NUMBER: 10755230

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2023

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

Signed by:

.....
D C E Walker
Director

Date: 26-09-24

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
At 1 October 2022	413,975	26,959,040	940,844	(9,722,314)	18,591,545	18,591,545
Comprehensive income for the year						
Loss for the year	-	-	-	(6,784,233)	(6,784,233)	(6,784,233)
Share based payment	-	-	945,334	-	945,334	945,334
Other comprehensive income for the year						
Total comprehensive income for the year	-	-	945,334	-	945,334	945,334
Contributions by and distributions to owners						
Shares issued during the year	167	14,858	-	-	15,025	15,025
Total transactions with owners	167	14,858	-	-	15,025	15,025
At 30 September 2023	414,142	26,973,898	1,886,178	(16,506,547)	12,767,671	12,767,671

The notes on pages 22 to 51 form part of these financial statements.

SKYSPORTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
At 1 October 2021	240,740	7,929,356	404,777	(4,664,823)	3,910,050	3,910,050
Comprehensive income for the year						
Loss for the year	-	-	-	(5,057,491)	(5,057,491)	(5,057,491)
Share based payment	-	-	536,067	-	536,067	536,067
Other comprehensive income for the year						
Other comprehensive income for the year	-	-	536,067	-	536,067	536,067
Total comprehensive income for the year						
Total comprehensive income for the year	-	-	536,067	(5,057,491)	(4,521,424)	(4,521,424)
Contributions by and distributions to owners						
Shares issued during the year	173,235	19,029,684	-	-	19,202,919	19,202,919
Total transactions with owners						
Total transactions with owners	173,235	19,029,684	-	-	19,202,919	19,202,919
At 30 September 2022						
At 30 September 2022	413,975	26,959,040	940,844	(9,722,314)	18,591,545	18,591,545

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2022 (as restated)	413,975	26,959,040	940,844	(6,022,798)	22,291,061
Comprehensive income for the year					
Loss for the year	-	-	-	(356,612)	(356,612)
Share based payment	-	-	945,334	-	945,334
Other comprehensive income for the year					
	-	-	945,334	-	945,334
Total comprehensive income for the year					
	-	-	945,334	(356,612)	588,722
Contributions by and distributions to owners					
Shares issued during the year	167	14,858	-	-	15,025
Total transactions with owners					
	167	14,858	-	-	15,025
At 30 September 2023	414,142	26,973,898	1,886,178	(6,379,410)	22,894,808

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2021 (as previously stated)	240,740	7,929,356	-	(3,590,036)	4,580,060
Prior year adjustment - share based payment (note 29)	-	-	404,777	(404,777)	-
At 1 October 2021 (as restated)	240,740	7,929,356	404,777	(3,994,813)	4,580,060
Comprehensive income for the year					
Loss for the year	-	-	-	(2,027,985)	(2,027,985)
Share based payment (as restated)	-	-	536,067	-	536,067
Other comprehensive income for the year					
Other comprehensive income for the year	-	-	536,067	-	536,067
Total comprehensive income for the year					
Total comprehensive income for the year	-	-	536,067	(2,027,985)	(1,491,918)
Contributions by and distributions to owners					
Shares issued during the year	173,235	19,029,684	-	-	19,202,919
Total transactions with owners					
Total transactions with owners	173,235	19,029,684	-	-	19,202,919
At 30 September 2022 (as restated)					
At 30 September 2022 (as restated)	413,975	26,959,040	940,844	(6,022,798)	22,291,061

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023	<i>Unaudited</i> 2022
	£	£
Cash flows from operating activities		
Loss for the financial year	(6,784,233)	(5,057,491)
Adjustments for:		
Amortisation of intangible assets	34,979	22,904
Depreciation of tangible assets	435,592	41,756
Loss on disposal of tangible assets	-	1,484
Interest paid	21	212
Interest received	(278,902)	(196,405)
Taxation charge	(1,348,114)	(729,156)
(Increase) in debtors	(602,707)	(7,406,390)
(Increase) in amounts owed by joint ventures	(196,791)	(69,248)
(Increase)/decrease in amounts owed by associates	(261,482)	-
Increase in creditors	401,125	568,794
R&D tax credits	(113,132)	-
Net fair value losses recognised in P&L	15,481	42
Corporation tax received	109,189	522
Share based payment expense	945,334	536,067
Net cash generated from operating activities	(7,643,640)	(12,286,909)
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,000)	(46,354)
Purchase of tangible fixed assets	(406,612)	(940,477)
Sale of tangible fixed assets	26,468	30,850
Purchase of unlisted and other investments	-	(254,808)
Purchase of share in joint ventures	-	(42)
Purchase of share in associates	(15,481)	-
Interest received	294,383	196,447
Income from investments in related companies	(15,481)	(42)
Net cash from investing activities	(118,723)	(1,014,426)
Cash flows from financing activities		
Issue of ordinary shares	15,025	19,142,919
Interest paid	(21)	(212)
Net cash used in financing activities	15,004	19,142,707
Net (decrease)/increase in cash and cash equivalents	(7,747,359)	5,841,372

SKYPORTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023	<i>Unaudited</i>
	£	<i>2022</i>
		£
Cash and cash equivalents at beginning of year	8,855,591	3,014,219
Cash and cash equivalents at the end of year	1,108,232	8,855,591
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,108,232	8,855,591
	1,108,232	8,855,591

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	At 1 October 2022 £	Cash flows £	At 30 September 2023 £
Cash at bank and in hand	8,855,591	(7,747,359)	1,108,232
Debt due within 1 year	(10,715)	(2,711)	(13,426)
	<u>8,844,876</u>	<u>(7,750,070)</u>	<u>1,094,806</u>

The notes on pages 22 to 51 form part of these financial statements.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

1. General information

Skyports Limited is a private limited company incorporated in England and Wales. The company's registered number is 10755230. The registered office is Edinburgh House, 170 Kennington Lane, London, SE11 5DP.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

The 2022 figures have been included to allow for the consolidation process and the inclusion of historic share option charges.

2.3 Going concern

The accounts for the Company and Group have been prepared on the going concern basis.

The Directors have a reasonable expectation that the Company and Group has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved. The key method for assessing going concern is through the business planning process which considers profitability, liquidity and solvency. The business planning process considers the Company's and Group's business activities, together with factors likely to affect its future development, successful performance and position, and key risks in the current economic climate.

The Company's Directors expect that the Company and Group will become profitable in the near future.

In March 2024, Skyports closed its Series C fundraising round, raising in excess of \$110m. The capital will support key developments on both sides of Skyports' business.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's and Group's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

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

Rendering of services

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

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

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)**2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.8 Interest income

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

2.9 Finance costs

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

2.10 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)**2.13 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Plant and machinery	-	33%	Straight line basis
<i>Motor vehicles</i>	-	33%	<i>Straight line basis</i>
Fixtures and fittings	-	33%	Straight line basis
Office equipment	-	33%	Straight line basis
Computer equipment	-	33%	Straight line basis
Vertiports test beds	-	33%	Straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.16 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of income and retained earnings includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

In the consolidated accounts, interests in joint venture undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the joint venture. The Consolidated statement of income and retained earnings includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in joint venture undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)**2.20 Financial instruments**

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors. Including expectations of future events that are believed to be reasonable under the circumstances. The key judgements are as follows:

1. Plant & Equipment:

Plant & Equipment are depreciated over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually. In assessing the residual values, the remaining life of the asset, its projected disposal value & future market conditions are taken into account.

2. Measurement of Share options:

Share option charges are accounted for over the vesting period, being 3 years from the date at which the share options were granted. Any charge assumes that the specified conditions attached to the share options will be met and thus the options will be exercised in full at the end of the vesting period.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

4. Turnover

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

	2023	<i>Unaudited</i> 2022
	£	£
Drone Services Sales	2,056,335	677,731
Aeronautical Revenue	78,575	52,583
Non-Aeronautical Revenue	50,989	-
	<u>2,185,899</u>	<u>730,314</u>

Analysis of turnover by country of destination:

	2023	<i>Unaudited</i> 2022
	£	£
United Kingdom	1,111,619	389,028
EMEA	549,302	96,712
APAC and Americas	524,978	244,574
	<u>2,185,899</u>	<u>730,314</u>

5. Other operating income

	2023	<i>Unaudited</i> 2022
	£	£
Other operating income	113,132	-
Government grants receivable	1,730,638	192,192
	<u>1,843,770</u>	<u>192,192</u>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

6. Operating loss

The operating loss is stated after charging:

	2023	<i>Unaudited as restated</i> 2022
	£	£
Exchange differences	6,481	29,524
Other operating lease rentals	542,798	222,608
Share-based payment	945,334	536,067
	<u><u> </u></u>	<u><u> </u></u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2023	<i>Unaudited</i> 2022
	£	£
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	66,000	-
	<u><u> </u></u>	<u><u> </u></u>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023	<i>Group Unaudited 2022</i>	Company 2023	<i>Company Unaudited as restated 2022</i>
	£	£	£	£
Wages and salaries	4,605,499	3,042,292	515,580	1,131,611
Social security costs	543,398	344,869	77,884	169,113
Cost of defined contribution scheme	74,091	25,853	23,921	18,254
Share based payments	945,334	536,067	945,334	536,067
	6,168,322	3,949,081	1,562,719	1,855,045

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

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	No.	No.	No.	No.
Directors	6	3	2	2
Employees	73	45	8	14
	79	48	10	16

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

9. Directors' remuneration

	2023	<i>Unaudited as restated</i> 2022
	£	£
Directors' emoluments	177,148	159,037
Share based payments	656,819	316,931
Group contributions to defined contribution pension schemes	4,585	2,693
	<u>838,552</u>	<u>478,661</u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £157,836 (2022 - £140,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,484 (2022 - £2,051).

During the year 3 directors received shares under the long-term incentive schemes (2022 -3)

10. Interest receivable

	2023	<i>Unaudited</i> 2022
	£	£
Other interest receivable	294,383	196,447
	<u>294,383</u>	<u>196,447</u>

11. Interest payable and similar expenses

	2023	<i>Unaudited</i> 2022
	£	£
Bank interest payable	21	212
	<u>21</u>	<u>212</u>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

12. Taxation

	2023	<i>Unaudited</i>
	£	2022
		£
Corporation tax		
Current tax on profits for the year	(14,074)	3,059
Adjustments in respect of previous periods	(80,939)	(112,410)
	<u>(95,013)</u>	<u>(109,351)</u>
Total current tax	<u>(95,013)</u>	<u>(109,351)</u>
Deferred tax		
Origination and reversal of timing differences	(1,253,101)	(619,805)
Total deferred tax	<u>(1,253,101)</u>	<u>(619,805)</u>
Tax on loss	<u>(1,348,114)</u>	<u>(729,156)</u>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 25% (2022 - 19%). The differences are explained below:

	2023	<i>Unaudited</i>
	£	2022
		£
Loss on ordinary activities before tax	(8,132,347)	<i>(5,786,647)</i>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	(2,033,087)	<i>(1,099,463)</i>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	270,231	<i>132,067</i>
Depreciation for year in excess of capital allowances	23,842	<i>(23,551)</i>
Lower rate taxes on overseas earnings	-	<i>3,059</i>
Adjustments to tax charge in respect of prior periods	(80,939)	<i>(112,410)</i>
Unrelieved loss on foreign subsidiaries	734,092	<i>460,590</i>
Other differences leading to an increase (decrease) in the tax charge	(262,253)	<i>(89,448)</i>
Total tax charge for the year	(1,348,114)	<i>(729,156)</i>

Factors that may affect future tax charges

Future tax charges will be affected by the difference in accounting and tax treatment of capital assets, foreign group tax losses which are not currently provided for and share option charges..

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

13. Intangible assets

Group

	Computer software £
Cost	
At 1 October 2022	150,191
Additions	2,000
Disposals	(4,000)
At 30 September 2023	148,191
Amortisation	
At 1 October 2022	26,904
Charge for the year on owned assets	34,979
On disposals	(4,000)
At 30 September 2023	57,883
Net book value	
At 30 September 2023	90,308
<i>At 30 September 2022</i>	123,287

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. Intangible assets (continued)

Company

	Computer software £
At 1 October 2022	4,000
Disposals	(4,000)
At 30 September 2023	-
At 1 October 2022	4,000
On disposals	(4,000)
At 30 September 2023	-
Net book value	
At 30 September 2023	-
At 30 September 2022	-

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. Tangible fixed assets

Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £
Cost or valuation					
At 1 October 2022	10,497	28,465	-	41,090	134,385
Additions	60,209	28,570	14,011	11,113	59,856
Disposals	(7,256)	-	-	-	(42,779)
At 30 September 2023	<u>63,450</u>	<u>57,035</u>	<u>14,011</u>	<u>52,203</u>	<u>151,462</u>
Depreciation					
At 1 October 2022	832	791	-	7,429	35,651
Charge for the year on owned assets	17,609	15,044	2,023	15,763	50,510
Disposals	(2,822)	-	-	-	(20,745)
At 30 September 2023	<u>15,619</u>	<u>15,835</u>	<u>2,023</u>	<u>23,192</u>	<u>65,416</u>
Net book value					
At 30 September 2023	<u>47,831</u>	<u>41,200</u>	<u>11,988</u>	<u>29,011</u>	<u>86,046</u>
At 30 September 2022	<u>9,665</u>	<u>27,674</u>	<u>-</u>	<u>33,661</u>	<u>98,734</u>

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. Tangible fixed assets (continued)

	Vertiport test beds £	Total £
Cost or valuation		
At 1 October 2022	733,391	947,828
Additions	232,853	406,612
Disposals	-	(50,035)
At 30 September 2023	<u>966,244</u>	<u>1,304,405</u>
Depreciation		
At 1 October 2022	-	44,703
Charge for the year on owned assets	334,643	435,592
Disposals	-	(23,567)
At 30 September 2023	<u>334,643</u>	<u>456,728</u>
Net book value		
At 30 September 2023	<u>631,601</u>	<u>847,677</u>
At 30 September 2022	<u>733,391</u>	<u>903,125</u>

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. Tangible fixed assets (continued)

Company

	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 October 2022	7,256	13,490	49,526	70,272
Additions	-	-	11,061	11,061
Disposals	(7,256)	-	(38,918)	(46,174)
At 30 September 2023	-	13,490	21,669	35,159
Depreciation				
At 1 October 2022	403	2,488	10,333	13,224
Charge for the year on owned assets	2,419	4,497	18,460	25,376
Disposals	(2,822)	-	(17,859)	(20,681)
At 30 September 2023	-	6,985	10,934	17,919
Net book value				
At 30 September 2023	-	6,505	10,735	17,240
At 30 September 2022	6,853	11,002	39,193	57,048

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. Fixed asset investments**Group**

	Investments in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 October 2022	-	254,808	254,808
Additions	15,481	-	15,481
Share of profit/(loss)	(15,481)	-	(15,481)
	<hr/>	<hr/>	<hr/>
At 30 September 2023	-	254,808	254,808
Net book value			
At 30 September 2023	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The carrying value of the joint venture was reduced to £nil in 2022 as a result of the Group's share of losses made in the joint venture exceeding the carrying value of the investment.

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 October 2022	4	254,808	254,812
	<hr/>	<hr/>	<hr/>
At 30 September 2023	4	254,808	254,812
Net book value			
At 30 September 2023	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Skyports Deliveries Limited	Edinburgh House, 170 Kennington Lane, London, SE11 5DP.	Ordinary	100%
Skyports Infrastructure Limited	Edinburgh House, 170 Kennington Lane, London, SE11 5DP.	Ordinary	100%

Skyports Deliveries Limited and Skyports Infrastructure Limited are exempt from audit by virtue of Section 479A of the Companies Act 2006. In accordance with Section 479C of the Companies Act 2006, Skyports Limited has provided guarantees over the liabilities of these subsidiaries.

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Skyports Deliveries PTE Ltd	160 Robinson Road, #14-04 Singapore Business Federation Centre, Singapore, 068914	Ordinary	100%
Skyports Air Mobility Ireland Limited	Suite 6, Rineanna House, Shannon Free Zone, Shannon, Ireland	Ordinary	100%
Skyports Inc	75 State St, Suite 100, Boston, MA 02109, USA	Ordinary	100%
Skyports PTE Ltd	160 Robinson Road, #14-04 Singapore Business Federation Centre, Singapore, 068914	Ordinary	100%
Skyports Air Mobility GmbH	C/o Briqk, Am Stein 9, 85049 Ingolstadt, Germany	Ordinary	100%
Skyports KK	3-1-6 Motoazabu, Minato-Ku, Tokyo, Japan, 106-0046	Ordinary	100%
Skyports Helicopter Landing Pad Installation LLC	702-019 One Business Centre, Emaar Square, Building 6, Level 7, Dubai	Ordinary	100%

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. Fixed asset investments (continued)**Associate**

The following was an associate of the Company:

Name	Registered office	Holding
Skyports Drone Services Korea Inc	248, Odong-ro, Yeosu-si, Jeollanam-do, 3rd floor (Sujeong-don)	49%

Joint ventures

The following were joint ventures of the Company:

Name	Registered office	Holding
Skyports LATAM Air Mobility Limited	Edinburgh House, 170 Kennington Lane, London, SE11 5DP.	50%
Voloport SG PT Ltd	160 Robinson Road, #14-04 Singapore Business Federation Centre, Singapore, 068914	50%
Skyports Colombia SAS	Calle 10 36-32, Comuna 14 - El Poblado, Medellin, Antioquia, 050021, Colombia	50%

Skyports LATAM Air Mobility Limited is a joint venture of Skyports Deliveries Limited. Skyports Deliveries Limited have 50% voting rights and management decisions.

Voloport SG PTE Ltd is a joint venture of Skyports Infrastructure Limited. Skyports Infrastructure Limited have 50% voting rights and management decisions.

Skyports Colombia SAS is 100% owned by Skyports LATAM Air Mobility Limited.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

16. Debtors

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Amounts owed by group undertakings	-	-	13,740,303	5,308,261
	<u>-</u>	<u>-</u>	<u>13,740,303</u>	<u>5,308,261</u>
	<u>11,661,319</u>	<u>9,251,504</u>	<u>8,498,776</u>	<u>8,555,472</u>
	235,747	<i>39,755</i>	80,491	<i>2,986</i>
Trade debtors	235,747	<i>39,755</i>	80,491	<i>2,986</i>
Amounts owed by joint ventures and associated undertakings	527,521	<i>69,248</i>	-	-
Other debtors	6,950,364	<i>7,247,917</i>	6,811,789	<i>7,114,795</i>
Prepayments and accrued income	964,145	<i>259,876</i>	61,149	<i>74,293</i>
Tax recoverable	458,874	<i>363,140</i>	331,669	<i>363,140</i>
Deferred taxation	2,524,668	<i>1,271,568</i>	1,213,678	<i>1,000,258</i>
	<u>11,661,319</u>	<u>9,251,504</u>	<u>8,498,776</u>	<u>8,555,472</u>

17. Cash and cash equivalents

	Group 2023 £	<i>Group Unaudited 2022 £</i>	Company 2023 £	<i>Company Unaudited 2022 £</i>
Cash at bank and in hand	1,108,232	<i>8,855,591</i>	607,060	<i>8,477,235</i>
	<u>1,108,232</u>	<u>8,855,591</u>	<u>607,060</u>	<u>8,477,235</u>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

18. Creditors: Amounts falling due within one year

	Group	<i>Group Unaudited</i>	Company	<i>Company Unaudited</i>
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	434,142	343,102	93,011	87,115
Amounts owed to group undertakings	-	-	17,221	21,400
Corporation tax	-	3,222	-	-
Other taxation and social security	177,825	138,513	22,264	22,892
Other creditors	15,656	25,649	2,381	15,112
Accruals and deferred income	567,050	286,284	88,506	215,248
	<u>1,194,673</u>	<u>796,770</u>	<u>223,383</u>	<u>361,767</u>

19. Financial instruments

	Group	<i>Group Unaudited</i>	Company	<i>Company Unaudited</i>
	2023	2022	2023	2022
	£	£	£	£
Financial assets				
Financial assets measured at amortised cost	<u>9,397,362</u>	<u>16,145,223</u>	<u>21,212,724</u>	<u>20,856,731</u>
Financial liabilities				
Other financial liabilities measured at amortised cost	<u>927,772</u>	<u>533,520</u>	<u>198,738</u>	<u>225,540</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors, intercompany balances (Company figures) and other debtors.

Other financial liabilities measured at amortised cost comprise trade creditors, other creditors, intercompany balances (Company figures) and accruals.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

20. Deferred taxation

Group

	2023 £
At beginning of year	1,271,568
Charged to the profit or loss	1,253,101
At end of year	<u>2,524,669</u>

Company

	2023 £
At beginning of year	1,000,258
Charged to profit or loss	213,421
At end of year	<u>1,213,679</u>

The deferred tax asset is made up as follows:

	Group	<i>Group Unaudited</i>	Company	<i>Company Unaudited</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Accelerated capital allowances	(107,332)	<i>(23,716)</i>	(4,866)	<i>(10,839)</i>
Tax losses carried forward	2,632,000	<i>1,295,284</i>	1,218,544	<i>1,011,097</i>
	<u>2,524,668</u>	<i><u>1,271,568</u></i>	<u>1,213,678</u>	<i><u>1,000,258</u></i>

There are £2million of losses where a deferred tax asset hasn't been recognised in the accounts due to uncertainty over the timing of the recoverability.

SKYPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

21. Share capital

	2023	<i>Unaudited</i> 2022
	£	£
Allotted, called up and fully paid		
222,003 (2022 - 221,836) Ordinary shares of £1.00 each	222,003	221,836
21,669 (2022 - 21,669) Series A Ordinary shares of £1.00 each	21,669	21,669
57,401 (2022 - 57,401) Series A Preferred shares of £1.00 each	57,401	57,401
113,069 (2022 - 113,069) Series B Preferred shares of £1.00 each	113,069	113,069
	414,142	413,975

The Ordinary, Series A Ordinary, Series A Preferred and Series B Preferred shares all rank pari passu in all respects.

During the year 167 Ordinary £1 shares were issued for a consideration of £15,023.

22. Reserves

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Other reserve

Other reserves is the share-based payment reserve which is the cumulative share-based payment expense.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

23. Share-based payments

Details of the employee share option scheme of the Company

Share options are granted at the average price of the Company's shares at the grant date. The employee is entitled to exercise the share options on the occurrence of an exit event (as detailed in the share option plan) which achieves pre determined performance criteria. The time to the estimated date of exit is considered to be the vesting period. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before they become entitled to exercise the share options.

The Company has granted options over Ordinary shares of £1 each as follows (albeit the ultimate number subject to exercise will be dependent on the attainment of pre determined performance criteria):

The following share based payment arrangements were in existence during the current and prior years:

At the balance sheet date there were a total of 76,497 share options granted but not yet exercised.

Movements in share options during the period

The following reconciles the share options outstanding at the beginning and end of the period:

	Weighted average exercise price (pence) 2023	Number 2023	<i>Weighted average exercise price (pence) 2022</i>	<i>Number 2022</i>
Outstanding at the beginning of the year	£90.57	71,565	£56.43	49,050
Granted during the year	£185.28	5,099	£164.20	22,681
Exercised during the year	£89.97	(167)	£75.00	(166)
Outstanding at the end of the year	£96.68	76,497	<i>£90.57</i>	<i>71,565</i>

	2023	<i>2022</i>
Equity-settled schemes	76,497	<i>71,565</i>
Weighted average share price (pence)	£191.72	<i>£190.93</i>
Exercise price (pence)	£185.28	<i>£164.20</i>
Weighted average contractual life (years)	10	<i>10</i>
Expected volatility	65%	<i>65%</i>
Risk-free interest rate	4.15%	<i>0.85%</i>

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

23. Share-based payments (continued)

The weighted average fair value of options granted in the period was determined using the Black Scholes option pricing model. The Black Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the 'vesting date').

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non transferability, exercise restrictions, and behavioural considerations.

Non vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

24. Pension commitments

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £91,023 (2022 - £25,853). Contributions totalling £12,227 (2022 - £10,715) were payable to the fund at the balance sheet date and are included in other creditors.

25. Commitments under operating leases

At 30 September 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	<i>Group</i>
	2023	<i>Unaudited</i>
	£	<i>2022</i>
		£
Not later than 1 year	966,325	457,345
Later than 1 year and not later than 5 years	468,079	1,434,404
	<u>1,434,404</u>	<u>1,891,749</u>

26. Related party transactions

At the balance sheet date, included within other debtors is a loan to Solar Ventus, a company connected by virtue of common directors and shareholders, amounting to £6,784,869 (2022: £7,068,249). Interest is being charged on this loan and the balance is repayable on demand. The interest charged on this loan amounted to £216,620 and is included within interest receivable (2022: £151,714).

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

27. Post balance sheet events

In March 2024, Skyports closed its Series C fundraising round, raising in excess of \$110m. ACS Group, one of the world's foremost infrastructure and construction companies, made a substantial equity investment in Skyports, becoming the largest investor in the company and taking a controlling stake in the business.

Existing shareholder, Paris-based airport operator, Groupe ADP also invested additional capital. The increase in capital of approximately £86.4m will bolster the balance sheet and help resource key developments on both sides of Skyports' business.

Non-adjusting event:

Post year end, management have assessed the carrying value of the unlisted investment held in the balance sheet at £250,000 which indicates an impairment to have occurred in 2024. Given the timing of events, this has been treated as a non-adjusting event with the expectation that it will be fully impaired in the 2024 financials.

28. Controlling party

The ultimate controlling party is ACS Group, a company incorporated in Spain.

29. Prior year adjustment

The prior period company accounts have been restated to take account the share option charge that has previously been unrecognised.

As set out in note 22, the Group and Company participate in an Enterprise Management Incentive scheme (EMI) which was set up in 2021. Further details of the conditions and values attached the scheme is set out in the note. No share-based payment charge has been recorded in the prior periods' financial statements for the company but the directors have now determined that the charges for the prior year were material to the financial statements and adjustments have been made to recognise the expense and a corresponding share based payment reserve.

SKYPORTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

29. Prior year adjustment (continued)

Changes to the Company balance sheet

	As previously stated	Adjustment at 01/10/21	Adjustment at 30/09/22	As restated 30/09/22
Net assets	22,291,061	-	-	22,291,061

	As previously stated	Adjustment at 01/10/21	Adjustment at 30/09/22	As restated 30/09/22
Capital and reserves				
Other reserve	-	404,777	536,067	940,844
Profit and loss account carried forward	(5,081,954)	(404,777)	(536,067)	(6,022,798)
Total equity	22,291,061	-	-	22,291,061

Changes to the Company statement of income and retained earnings

**Period ended
30/09/22**

	As previously stated	Adjustment	As restated at 30/09/22
Administrative expenses	(2,480,820)	(536,067)	(3,016,887)
Loss after tax	(1,491,918)	(536,067)	(2,027,985)