

**SKYRORA VENTURES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# SKYRORA VENTURES LIMITED

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## COMPANY INFORMATION

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<b>Director</b>	V Levykin
<b>Registered number</b>	SC586664
<b>Registered office</b>	4th Floor 115 George Street Edinburgh EH2 4JN
<b>Independent auditor</b>	MHA 2 London Wall Place London EC2Y 5AU

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# SKYRORA VENTURES LIMITED

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# SKYRORA VENTURES LIMITED

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## GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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### **Introduction**

The Strategic report contains brief information about Skyrora Group, an overview of our business, key performance indicators, and approach to sustainability and risk.

You can find more information about Skyrora at [www.skyrora.com](http://www.skyrora.com).

The Strategic report is a part of the Annual report and accounts 2022.

### **Business review**

Skyrora is the next-generation private launch vehicle manufacturer utilising 3D-printing techniques and aiming for the small satellite market. Skyrora Group also invests in innovative non-space technology.

At the beginning of 2022, the continuing impact of Covid-19 was the dominant factor within the external environment. Increasing inflation, rising interest rates and the Russia-Ukraine war had an even greater impact on the global economy in 2022 and are likely to continue to have a significant economic impact in 2023.

The war has affected our colleagues in Ukraine, and Skyrora has relocated multiple specialists to the UK and continues to support those who stay in Ukraine.

Financially, Skyrora entities had a resilient balance sheet to withstand volatility, and the non-space business demonstrated strong revenue performance.

Despite the challenges, Skyrora continued to advance to going commercial by achieving several crucial technical and licensing milestones. Our primary focus in 2023 remains the readiness of the core launch technology and the safety of our colleagues and partners.

### **Operational and commercial review**

In 2022 Skyrora's business operations team focused on supporting and delivering results against the core strategic imperatives.

Skyrora's management focused on strengthening the key elements of a resilient investment case by working towards securing HM Government contracts and providing commercial deliverables. Skyrora incorporated these components into the already well-developed sales offering and maturing relationships with a strong book of customers. Skyrora paid particular attention to developing strategic partnerships with key industry partners.

Skyrora's media efforts reinforced the company's profile as an interactive and engaging company, actively contributing to the development of the launch industry and profiling high-level visits, including USSF General Jay Raymond.

Skyrora's corporate social responsibility activities included active participation in Scottish Space Environmental Task Force, contributing to innovative solutions such as Ecosene, and information about "environmental propulsion solutions". Skyrora continued to engage with Students at school, UKSEDS, support internships and apprenticeships and encourage and inspire graduates into new Space jobs.

Internationally, Skyrora's activities included securing the possibility of undertaking a test mission in Iceland and all the export and regulatory requirements involved.

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# SKYRORA VENTURES LIMITED

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## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### Technical review

In the emergent European small satellite launcher industry, continued rapid growth and the achievement of critical technical milestones is vital in getting to market and providing a commercial launch service. In 2022 Skyrora achieved several vital milestones in-line with our technical development plan for this financial year.

Skyrora's team completed multiple projects (detailed below), moving Skyrora closer to orbital launch. By the end of 2022, Skyrora had successfully tested the fully integrated 2nd stage of Skyrora XL, the first test of its kind in the UK. This test was a part of the grant we received in 2021 from the European Space Agency (ESA) as part of their Commercial Space Transportation Service (C-STX) programme. Skyrora also conducted the first test launch of its suborbital rocket, Skylark L, from Iceland, testing both the launch vehicle and the ground infrastructure. Testing continued on the 70kN engine for Skyrora XI, completing developmental testing and progressing towards qualification testing.

These milestones increased the engineering department's capabilities by expanding the ground facilities. These improvements to in-house capability allowed the team to hit many milestones successfully. Despite the ongoing war in Ukraine, Skyrora has still realised key technical achievements; the team has set the next set of milestones for 2023 and is already striving towards these.

Milestone	Description
Skylark L Sub-Orbital Launch	Skylark L, the sub-orbital vehicle, was taken to Iceland and launched in Q3 to test vehicle and ground systems. The launch tested all ground systems working together for tracking, telemetry, FTS, fuelling, filling and control. The launch also built launch experience within the team in preparation for an orbital launch of Skyrora XL.
Skyrora XL 2nd Stage Static Fire Test	The 2nd stage of Skyrora XL was taken to Machrihanish, where a fully integrated stage test was conducted. This was a significant milestone with ESA closing out one of the joint work packages.
CAA Licence for Orbital launch vehicle (XL) submitted	The full CAA launch licence application for the XL launch vehicle was submitted successfully to the CAA and accepted. The UK Government review timeline is 12 to 24 months.
Finalised Developmental Testing of the 70kN Engines	The first two 70kN engines completed their respective test campaigns to close out the developmental stage of testing in 2022. Three more engines will be tested next year to complete 70kN engine qualification.
Manufacture 2nd Stage	Following the successful qualification of the 3rd stage in late 2020, the next milestone was to manufacture the 2nd stage of the Skyrora XL in preparation for testing. The 2nd stage is powered by a single, vacuum optimised 70kN engine. Qualification of the 2nd stage is a critical technical milestone, so manufacture was a high priority in 2021. Stage manufacture was completed in Q3 with functional and leak tests completed shortly after.
3D Printer Development Qualification	The Skyprint2 3D printer has been manufactured, passed developmental verification, and moved into commissioning.

### Key performance indicators (KPIs)

We use several 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 provide an integrated service; and our purpose: make space more accessible, greener and cheaper. We review these metrics regularly to ensure that they remain appropriate.

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# SKYRORA VENTURES LIMITED

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## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### Non-financial KPIs

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#### Technical

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##### Milestones completed

We define a Technical Milestone as a critical step in completing the orbital launch service. It shows that we demonstrate the progression of our technical systems to create the launch service. Three key milestones were achieved in 2022.

Milestones  
2022: 5

2021: 7

28.5% decrease

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##### Engines manufactured and tested

The number of manufactured engines has reduced to 1, and the number of tested engines has reduced to 2. This is due to upgrades of engines manufactured the previous year as well as test site and preparation for beginning qualification engine testing. Engines are critical production items with long lead time components and relatively high production requirements. Tracking the number and speed at which engines can be produced is crucial for delivering our launch cadence.

Manufactured/Tested:

2022: 1/2

2021: 4/3

75%/33% decrease

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##### Suborbital vehicles launched

The SKL launch vehicle was launched from Iceland in October 2022.

Launched:

2022: 1

2021: 0

100% increase

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##### Ground facilities

A critical technical step is the expansion of our ground testing and manufacturing facilities and vertical integration of our production and testing to provide better control over our launch vehicle production. 2022 has focused on the development and improvement of the facilities which were added in 2021.

Facilities:

2022: 4

2021: 4

No change

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##### Technical staff growth

Technical staff globally (including our office in the UK and Ukraine) has decreased to 136 people.

Headcount:

2022: 136

2021: 151

9.6% decrease

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### 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.

In 2022 the Group's principal operating entities were well-capitalised and within their normal working ranges. The Group's non-space subsidiaries have significantly improved revenue performance, a 62% increase to £25.1 million

Our 2023 financial objectives include raising further private capital, government funding and improving cost efficiency while investing wisely to grow the company.

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# SKYRORA VENTURES LIMITED

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## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### Financial KPIs

Revenues	
Revenues from the Group's subsidiaries increased by 62% to £25.1 million, which included significantly improved performance in the UK region and globally.	2022: £25,100 thousand 2021: £15,604 thousand 62% increase
Profit margin	
The net profit margin for the Group's subsidiaries increased to 28.8% from 17.5% in 2021 due to increased revenue and the acquisition of a profitable subsidiary in April 2022.	2021: 28.8 2020: 17.5% 65% increase

### Principal risks and uncertainties

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

Our risk management framework embeds rigorous and consistent risk management across Skyrora. 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
70kN engine qualification completion delayed	Work to ECSS standards and utilise skills from previous launch heritage to progress with testing incrementally.
Credit risk principally arises from trade debtors.	Credit limits are set for customers to manage credit risk, determined from payment history and third-party credit references.
Liquidity risk is the risk of not being able to make payments when they become due because there are insufficient assets in cash form.	Skyrora ensures sufficient liquidity to meet foreseeable needs and seeks to invest cash into profitable areas. Skyrora achieves this through management's day-to-day involvement in the business.
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.

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

**V Levykin**  
Director

Date: 29 September 2023

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# SKYRORA VENTURES LIMITED

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## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The director presents his report and the financial statements for the year ended 31 December 2022.

### **Director's responsibilities statement**

The director is responsible for preparing the Group strategic report, Director's report and the consolidated financial statements, in accordance with applicable law.

Company law requires the director to prepare consolidated financial statements for each financial year. Under that law he has elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the director must not approve the consolidated financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, 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 he either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The director is 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. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him 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 profit for the year, after taxation, amounted to £1,791,858 (2021 -loss £6,293,086).

### **Director**

The director who served during the year was:

V Levykin

### **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.

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# SKYRORA VENTURES LIMITED

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## DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he 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

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting

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

**V Levykin**  
Director

Date: 29 September 2023

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# SKYRORA VENTURES LIMITED

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

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### 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 2022 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 20 - 31. 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 United Kingdom.

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis of opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

### 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.

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# SKYRORA VENTURES LIMITED

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

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### **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 Director's 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 Director's report has 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 Director's 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 director's 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 director's responsibilities statement on page 7, the director is 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 director determines 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 director is 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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# SKYRORA VENTURES LIMITED

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

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### 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](http://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, Statutory Auditor**  
London, United Kingdom

Date: 29 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

# SKYRORA VENTURES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Revenue</b>	6	<b>25,120,296</b>	15,237,207
Cost of sales		<b>(17,113,158)</b>	(13,834,399)
<b>Gross profit</b>		<b>8,007,138</b>	1,402,808
Other operating income	7	<b>459,096</b>	1,489,683
Administrative expenses		<b>(10,325,372)</b>	(9,985,765)
<b>Loss from operations</b>		<b>(1,859,138)</b>	(7,093,274)
Finance income	12	<b>19,401</b>	48,119
Finance expense	12	-	(6,750)
Other finance income		<b>549</b>	-
<b>Loss before tax</b>		<b>(1,839,188)</b>	(7,051,905)
Tax credit	13	<b>3,631,046</b>	758,819
<b>Profit/(loss) for the year</b>		<b>1,791,858</b>	(6,293,086)
<b>Items that will or may be reclassified to profit or loss:</b>			
Exchange gains/(losses) arising on translation on foreign operations		<b>136,862</b>	(102,305)
<b>Total comprehensive income</b>		<b>1,928,720</b>	(6,395,391)

The notes on pages 20 to 53 form part of these financial statements.

# SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,899,614	1,164,590
Intangible assets	15	130,472	16,786
		<u>2,030,086</u>	<u>1,181,376</u>
<b>Current assets</b>			
Inventories	17	1,827,991	2,282,623
Trade and other receivables	18	9,265,812	8,609,369
Cash and cash equivalents	28	7,105,422	7,908,132
Deferred tax	13	1,623,885	1,627
		<u>19,823,110</u>	<u>18,801,751</u>
<b>Total assets</b>		<u>21,853,196</u>	<u>19,983,127</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other liabilities	19	3,763	4,509
		<u>3,763</u>	<u>4,509</u>
<b>Current liabilities</b>			
Bank overdraft	28	-	4,126
Trade and other liabilities	19	1,512,666	1,566,445
		<u>1,512,666</u>	<u>1,570,571</u>
<b>Total liabilities</b>		<u>1,516,429</u>	<u>1,575,080</u>
<b>Net assets</b>		<u>20,336,767</u>	<u>18,408,047</u>

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# SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2022

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	Note	2022 £	2021 £
<b>Issued capital and reserves attributable to owners of the parent</b>	22		
Share capital	21	35,000,001	35,000,001
Foreign exchange reserve		32,095	(104,767)
Retained earnings		(14,695,329)	(16,487,187)
		<u>20,336,767</u>	<u>18,408,047</u>
<b>TOTAL EQUITY</b>		<u><u>20,336,767</u></u>	<u><u>18,408,047</u></u>

The financial statements on pages 12 to 53 were approved and authorised for issue by the board of director and were signed on its behalf by:

**V Levykin**

Director

Date: 29 September 2023

The notes on pages 20 to 53 form part of these financial statements.

# SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	-	466
Other non-current investments	16	<b>32,034,547</b>	23,446,763
		<b>32,034,547</b>	23,447,229
<b>Current assets</b>			
Trade and other receivables	18	<b>3,861,250</b>	5,886,194
Cash and cash equivalents	28	<b>623,289</b>	3,939,002
Deferred tax	13	<b>233,205</b>	-
		<b>4,717,744</b>	9,825,196
<b>Total assets</b>		<b>36,752,291</b>	33,272,425
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	19	<b>4,788,449</b>	920,903
<b>Total liabilities</b>		<b>4,788,449</b>	920,903
<b>Net assets</b>		<b>31,963,842</b>	32,351,522
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	21	<b>35,000,001</b>	35,000,001
Retained earnings		<b>(3,036,159)</b>	(2,648,479)
<b>TOTAL EQUITY</b>		<b>31,963,842</b>	32,351,522

The Company's loss for the year was £387,680 (2021 - £930,051).

The financial statements on pages 12 to 53 were approved and authorised for issue by the board of director and were signed on its behalf by:

**V Levykin**

Director

Date: 29 September 2023

The notes on pages 20 to 53 form part of these financial statements.

# SKYRORA VENTURES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£
<b>At 1 January 2021</b>	35,000,001	(2,462)	(10,194,101)	24,803,438	24,803,438
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(6,293,086)	(6,293,086)	(6,293,086)
Other comprehensive income	-	(102,305)	-	(102,305)	(102,305)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(102,305)</u>	<u>(6,293,086)</u>	<u>(6,395,391)</u>	<u>(6,395,391)</u>
<b>At 31 December 2021</b>	<u><b>35,000,001</b></u>	<u><b>(104,767)</b></u>	<u><b>(16,487,187)</b></u>	<u><b>18,408,047</b></u>	<u><b>18,408,047</b></u>
<b>At 1 January 2022</b>	35,000,001	(104,767)	(16,487,187)	18,408,047	18,408,047
<b>Comprehensive income for the year</b>					
Profit/(Loss) for the year	-	-	1,791,858	1,791,858	1,791,858
Other comprehensive income	-	136,862	-	136,862	136,862
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>136,862</u>	<u>1,791,858</u>	<u>1,928,720</u>	<u>1,928,720</u>
<b>At 31 December 2022</b>	<u><b>35,000,001</b></u>	<u><b>32,095</b></u>	<u><b>(14,695,329)</b></u>	<u><b>20,336,767</b></u>	<u><b>20,336,767</b></u>

The notes on pages 20 to 53 form part of these financial statements.

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# SKYRORA VENTURES LIMITED

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## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

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	Share capital	Retained earnings	Total equity
	£	£	£
<b>At 1 January 2021</b>	35,000,001	(1,718,428)	33,281,573
<b>Comprehensive income for the year</b>			
Loss for the year	-	(930,051)	(930,051)
<b>Total comprehensive income for the year</b>	-	(930,051)	(930,051)
<b>At 31 December 2021</b>	<u><b>35,000,001</b></u>	<u><b>(2,648,479)</b></u>	<u><b>32,351,522</b></u>
<b>At 1 January 2022</b>	35,000,001	(2,648,479)	32,351,522
<b>Comprehensive income for the year</b>			
Profit for the year	-	(387,680)	(387,680)
<b>Total comprehensive income for the year</b>	-	(387,680)	(387,680)
<b>At 31 December 2022</b>	<u><b>35,000,001</b></u>	<u><b>(3,036,159)</b></u>	<u><b>31,963,842</b></u>

The notes on pages 20 to 53 form part of these financial statements.

# SKYRORA VENTURES LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		1,791,858	(6,293,086)
Depreciation of property, plant and equipment	14	770,446	228,077
Amortisation of intangible fixed assets	15	17,917	8,313
Finance income	12	(19,950)	(48,119)
Finance expense	12	-	6,750
Net foreign exchange loss/(gain)		135,404	(104,181)
Income tax expense	13	(3,631,046)	(758,819)
		<u>(935,371)</u>	<u>(6,961,065)</u>
<b>Movements in working capital:</b>			
Decrease in trade and other receivables		176,729	639,923
Decrease/(increase) in inventories		454,632	(1,451,462)
(Decrease)/increase in trade and other payables		(56,250)	614,295
		<u>(360,260)</u>	<u>(7,158,309)</u>
<b>Cash generated from operations</b>			
Income taxes received / (paid)		1,136,848	(170,804)
		<u>776,588</u>	<u>(7,329,113)</u>
<b>Net cash from/(used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	14	(1,595,122)	(984,818)
Interest received	12	19,950	48,119
		<u>(1,575,172)</u>	<u>(936,699)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Interest paid on convertible loan notes		-	(6,750)
		<u>-</u>	<u>(6,750)</u>
<b>Net cash from/(used in) financing activities</b>			
<b>Net cash decrease in cash and cash equivalents</b>			
		<u>(798,584)</u>	<u>(8,272,562)</u>
Cash and cash equivalents at the beginning of year		7,904,006	16,176,568
<b>Cash and cash equivalents at the end of the year</b>	28	<u><u>7,105,422</u></u>	<u><u>7,904,006</u></u>

The notes on pages 20 to 53 form part of these financial statements.

# SKYRORA VENTURES LIMITED

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Loss for the year		(387,680)	(930,051)
<b>Adjustments for</b>			
Depreciation of property, plant and equipment	14	466	466
Income tax expense	13	(233,205)	-
		<u>(620,419)</u>	<u>(929,585)</u>
<b>Movements in working capital:</b>			
Decrease in trade and other receivables		2,024,944	3,797,058
Increase in trade and other payables		3,867,546	732,348
		<u>5,272,071</u>	<u>3,599,821</u>
<b>Cash generated from operations</b>		<u>5,272,071</u>	<u>3,599,821</u>
<b>Net cash from operating activities</b>		<u>5,272,071</u>	<u>3,599,821</u>
<b>Cash flows from investing activities</b>			
Purchase of share capital in subsidiaries		(8,587,784)	(14,308,422)
		<u>(8,587,784)</u>	<u>(14,308,422)</u>
<b>Net cash used in investing activities</b>		<u>(8,587,784)</u>	<u>(14,308,422)</u>
<b>Cash flows from financing activities</b>			
<b>Net cash decrease in cash and cash equivalents</b>		<u>(3,315,713)</u>	<u>(10,708,601)</u>
Cash and cash equivalents at the beginning of year		3,939,002	14,647,603
<b>Cash and cash equivalents at the end of the year</b>	28	<u>623,289</u>	<u>3,939,002</u>

The notes on pages 20 to 53 form part of these financial statements.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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 UK (collectively IFRSs). They were authorised for issue by the Company's board of directors on 29 September 2023.

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 judgements, 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 judgements 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.

<b>Items</b>	<b>Measurement basis</b>
Right of use assets	Historical cost less accumulated amortisation and accumulated impairment loss adjusted to the revaluation of the lease liabilities.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 2. Basis of preparation (continued)

#### 2.2 Changes in accounting policies

##### i) New standards, interpretations and amendments effective from 1 January 2022

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('ISAB') that are mandatory for the current reporting period.

The following tables summarise the impacts of adopting new accounting standards on the Company's financial statements.

##### 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 17 - Insurance Contracts - 1 January 2023

IFRS 17 - Amendments - 1 January 2023

IAS 1 & IFRS Practice Statements 2 - Disclosure of Accounting Policies - Amendments - 1 January 2023

IAS 8 - Definition of Accounting Estimate - Amendments - 1 January 2023

IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments - 1 January 2023

IFRS17 & IFRS 9 - Comparative Information - Amendments - 1 January 2023

IAS 1 - Classification of Liabilities as Current or Non-current - Amendments - 1 January 2024

IFRS 16 - Lease Liability in a Sale and Leaseback - Amendments - 1 January 2024

IAS 1 - Non-current Liabilities with Covenants - Amendments - 1 January 2024

The director anticipates that the adoption of these Standards and interpretations that are not yet effective in future periods only have an impact on the results and net assets of the Company, however, it is too early to quantify this.

### 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:

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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

At the date of signing the balance sheet, the global economy continues to experience the impact of increasing inflation, rising interest rates and the effects of the Russia-Ukraine war. The directors continuously monitor these factors, mitigated, where possible, with proactive planning, supply chain and cost management.

Skyrora's existing and prospective funding sources include funding from the shareholders, grants from ESA and other authorities, profits of subsidiaries and revenues from sales of launch services (expected to start in 2025 and grow substantially in subsequent years). Whilst some uncertainties may challenge the company's ability to continue as a going concern, the directors believe that the company's existing financial resources and proactive management actions should enable the company to continue operations for at least twelve months from the approval of these accounts.

The events resulting from the military invasion by the Russian Federation of Ukraine on 24 February 2022 have unpredictable consequences for the operations of the Ukrainian subsidiary of the Group. At the same time, the effect of such uncertainty is not material and do not affect core business activities of the Group and does not cast significant doubt on the Group's ability to continue as a going concern.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### 3.4 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.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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.

#### 3.5 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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.5 Leasing (continued)

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

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 3.10.

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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.6 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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.7 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.

#### 3.8 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.

#### 3.9 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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.9 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.

#### 3.10 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

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.11 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 and is included within administrative expenses in profit or loss. 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
Computer software	10 years on a straight line basis

The Goodwill which has been acquired in the year, is deemed to have a infinite useful life under accounting standard IFRS 3, and will be tested annually for impairment.

##### (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.

#### 3.12 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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.13 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.

#### 3.14 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.

#### 3.15 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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.15 Financial liabilities and equity instruments (continued)

##### (ii) Financial liabilities (continued)

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.

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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 3. Accounting policies (continued)

#### 3.15 Financial liabilities and equity instruments (continued)

##### (ii) Financial liabilities (continued)

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.

#### 3.16 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.

#### 3.17 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.

#### 3.18 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 judgements

#### 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 assets 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

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 5. Accounting estimates and judgements (continued)

#### 5.1 (continued)

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.

#### 5.2 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:

	2022 £	2021 £
Sale of services	25,120,296	15,237,207
	<u>25,120,296</u>	<u>15,237,207</u>

Analysis of revenue by country of source:

	2022 £	2021 £
United Kingdom	2,124,574	-
Rest of Europe	22,851,716	15,050,207
Rest of the world	144,006	187,000
	<u>25,120,296</u>	<u>15,237,207</u>

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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 7. Other operating income

	2022	2021
	£	£
Other operating income	2,242	74,246
Government grants receivable	455,354	1,411,997
Sundry income	1,500	3,440
	<u>459,096</u>	<u>1,489,683</u>

During 2022 the government grant income relates to the European Space Agency Grant monies received.

### 8. Expenses by nature

	2022	2021
	£	£
Depreciation of property, plant and equipment	770,446	228,077
Amortisation of intangible assets	17,656	8,313
Research and development costs	<u>3,131,809</u>	<u>6,799,425</u>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 9. Employee benefit expenses

#### Group

	2022 £	2021 £
<b>Employee benefit expenses (including director) comprise:</b>		
Wages and salaries	2,598,038	2,234,100
National insurance	488,239	361,909
Defined contribution pension cost	68,612	42,475
	<u>3,154,889</u>	<u>2,638,484</u>

#### 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 director of the Company listed on page 1.

	2022 £	2021 £
Salary	75,295	72,692
	<u>75,295</u>	<u>72,692</u>

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

	2022 No.	2021 No.
Administration	37	26
Production	30	67
Technical and R&D	108	104
Directors	3	3
	<u>178</u>	<u>200</u>

The monthly average number of persons, including the directors, employed by the Company during the year was 1, (2021: 1).

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 10. Auditor's remuneration

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

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements	56,000	40,425

### 11. Director's remuneration

	2022 £	2021 £
Director's emoluments	75,295	72,692
	<u>75,295</u>	<u>72,692</u>

### 12. Finance income and expense

Recognised in profit or loss

	2022 £	2021 £
<b>Finance income</b>		
Other interest receivable	19,401	48,119
<b>Total finance income</b>	<u>19,401</u>	<u>48,119</u>
<b>Finance expense</b>		
Other loan interest payable	-	6,750
<b>Total finance expense</b>	<u>-</u>	<u>6,750</u>
<b>Net finance income recognised in profit or loss</b>	<u>19,401</u>	<u>41,369</u>

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 13. Tax expense

#### 13.1 Income tax recognised in profit or loss

	2022 £	2021 £
<b>Current tax</b>		
Current tax on profits for the year	(1,959,423)	(758,819)
<b>Total current tax</b>	(1,959,423)	(758,819)
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	(1,671,623)	-
<b>Total deferred tax</b>	(1,671,623)	-
	<u>(3,631,046)</u>	<u>(758,819)</u>
<b>Total tax expense</b>		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(3,631,046)	(758,819)
	<u>(3,631,046)</u>	<u>(758,819)</u>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 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:

	2022 £	2021 £
Profit/(loss) for the year	1,791,858	(6,293,086)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	<u>(3,631,046)</u>	<u>(758,819)</u>
<b>Loss before income taxes</b>	<b>(1,839,188)</b>	<b>(7,051,905)</b>
Tax using the Company's domestic tax rate of 19% (2021:19%)	(349,446)	(1,339,862)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	(14,917)	155,478
Capital allowances for the year in excess of depreciation	561,462	-
Adjustments to tax charge in respect of prior periods	-	(191,313)
Surrender of tax losses for research and development credit	1,199,651	(2,211,976)
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	(678,064)	2,826,899
Research and development expenditure credits	20,745	-
Variance to overseas tax rate	134,158	(135,737)
Deferred tax recognised	(1,671,623)	-
Group income	(639,506)	-
Adjustment in deferred tax not recognised	(2,286,449)	273,777
Remeasurement of deferred tax changes in tax rates	92,943	(136,085)
<b>Total tax expense</b>	<b><u>(3,631,046)</u></b>	<b><u>(758,819)</u></b>

#### 13.2 Current tax assets and liabilities

	2022 £	2021 £
<b>Current tax asset</b>		
Corporation tax payable	10,743	-
Tax recoverable	<u>2,749,318</u>	<u>1,916,146</u>

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

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)	<u>-</u>	<u>2,467,849</u>
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# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 14. Property, plant and equipment

#### Group

	Freehold property	Construction in progress	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Production Equipment	Right of use assets	Total
	£	£	£	£	£	£	£	£	£
<b>Cost or valuation</b>									
At 1 January 2021	838	12,504	54,249	19,945	143,733	60,610	302,993	205,100	799,972
Additions	-	350,514	350,677	4,490	201,542	77,595	-	-	984,818
Transfers between classes	-	(346,534 )	-	-	31,299	-	293,838	-	(21,397 )
Foreign exchange movements	38	570	-	-	642	221	8,145	3,803	13,419
<b>At 31 December 2021</b>	<b>876</b>	<b>17,054</b>	<b>404,926</b>	<b>24,435</b>	<b>377,216</b>	<b>138,426</b>	<b>604,976</b>	<b>208,903</b>	<b>1,776,812</b>
Additions	-	298,930	35,084	-	25,852	1,235,256	-	-	1,595,122
Transfers between classes	-	(293,991 )	-	-	15,465	-	277,933	-	(593 )
Foreign exchange movements	(145 )	(3,393 )	-	-	(15,378 )	(1,239 )	(132,275 )	(36,227 )	(188,657 )
<b>At 31 December 2022</b>	<b>731</b>	<b>18,600</b>	<b>440,010</b>	<b>24,435</b>	<b>403,155</b>	<b>1,372,443</b>	<b>750,634</b>	<b>172,676</b>	<b>3,182,684</b>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Freehold property	Construction in progress	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Production Equipment	Right of use assets	Total
	£	£	£	£	£	£	£	£	£
<b>Accumulated depreciation and impairment</b>									
At 1 January 2021	48	-	9,566	7,911	68,231	34,140	141,613	121,301	382,810
Charge owned for the year	58	-	21,392	6,693	44,087	23,762	88,178	43,907	228,077
Exchange adjustments	1	-	-	-	641	(42 )	735	-	1,335
<b>At 31 December 2021</b>	<b>107</b>	<b>-</b>	<b>30,958</b>	<b>14,604</b>	<b>112,959</b>	<b>57,860</b>	<b>230,526</b>	<b>165,208</b>	<b>612,222</b>
Charge owned for the year	55	-	43,464	6,184	47,013	531,469	104,206	38,055	770,446
Exchange adjustments	(24 )	-	-	-	(15,187 )	(793 )	(50,202 )	(33,392 )	(99,598 )
<b>At 31 December 2022</b>	<b>138</b>	<b>-</b>	<b>74,422</b>	<b>20,788</b>	<b>144,785</b>	<b>588,536</b>	<b>284,530</b>	<b>169,871</b>	<b>1,283,070</b>
<b>Net book value</b>									
At 1 January 2021	790	12,504	44,683	12,034	75,502	26,470	161,380	83,799	417,162
At 31 December 2021	769	17,054	373,968	9,831	264,257	80,566	374,450	43,695	1,164,590
At 31 December 2022	<u>593</u>	<u>18,600</u>	<u>365,588</u>	<u>3,647</u>	<u>258,370</u>	<u>783,907</u>	<u>466,104</u>	<u>2,805</u>	<u>1,899,614</u>

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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:

	<b>31 December 2022</b>	<i>31 December 2021</i>
	£	£
Property, plant and equipment owned	<b>1,899,614</b>	1,164,590
	<u><b>1,899,614</b></u>	<u>1,164,590</u>

The net book value of right-of-use assets was £2,805 (2021 - £43,695). There were no additions during the year (£nil).

#### Depreciation charge for the year ended

	<b>31 December 2022</b>	<i>31 December 2021</i>
	£	£
Right of use assets	<b>38,055</b>	43,907

#### Additions to right-of-use assets

#### Company

	<b>Fixtures and fittings</b>
	£
<b>Cost or valuation</b>	
At 1 January 2021	1,864
<b>At 31 December 2021</b>	<u>1,864</u>
<b>At 31 December 2022</b>	<u><b>1,864</b></u>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	<b>Fixtures and fittings</b>
	<b>£</b>
<b>Accumulated depreciation and impairment</b>	
At 1 January 2021	932
Charge owned for the year	466
<b>At 31 December 2021</b>	<b>1,398</b>
Charge owned for the year	466
<b>At 31 December 2022</b>	<b><u>1,864</u></b>
<b>Net book value</b>	
At 1 January 2021	932
At 31 December 2021	466
At 31 December 2022	<u>-</u>

### 15. Intangible assets

#### Group

	<b>Goodwill</b>	<b>Development expenditure</b>	<b>Computer software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2021	-	21,805	-	21,805
Transfers between classes	-	21,411	-	21,411
Disposals	-	(15,846)	-	(15,846)
Foreign exchange movement	-	396	-	396
<b>At 31 December 2021</b>	<b>-</b>	<b>27,766</b>	<b>-</b>	<b>27,766</b>
Additions	98,954	-	168,641	267,595
Transfers between classes	-	593	-	593
Disposals	-	-	(135,008)	(135,008)
Foreign exchange movement	-	(4,664)	-	(4,664)
<b>At 31 December 2022</b>	<b><u>98,954</u></b>	<b><u>23,695</u></b>	<b><u>33,633</u></b>	<b><u>156,282</u></b>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 15. Intangible assets (continued)

	Goodwill	Development expenditure	Computer software	Total
	£	£	£	£
<b>Accumulated amortisation and impairment</b>				
At 1 January 2021	-	18,281	-	18,281
Charge for the year	-	8,313	-	8,313
Disposals	-	(15,846)	-	(15,846)
Foreign exchange movement	-	232	-	232
<b>At 31 December 2021</b>	<b>-</b>	<b>10,980</b>	<b>-</b>	<b>10,980</b>
Charge for the year	-	10,981	6,936	17,917
Foreign exchange movement	-	(3,087)	-	(3,087)
<b>At 31 December 2022</b>	<b>-</b>	<b>18,874</b>	<b>6,936</b>	<b>25,810</b>
<b>Net book value</b>				
At 1 January 2021	-	3,524	-	3,524
At 31 December 2021	-	16,786	-	16,786
At 31 December 2022	98,954	4,821	26,697	130,472

### 16. Other non-current investments

	2022	2021
	£	£
Investments in subsidiaries at cost	23,446,763	9,138,341
Investment additions	11,477,337	14,308,442
Subsidiaries impairment	(2,889,553)	-
<b>Investments in subsidiaries at cost carried forward</b>	<b>32,034,547</b>	<b>23,446,783</b>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 16. Other non-current investments (continued)

#### Company

Details of the Company's subsidiaries at the end of the reporting period 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 Ltd	Research and development into composite manufacturing	100%
Ecosene Ltd	Development of an eco friendly fuel production method	100%
Responsive Access Limited	Professional, scientific and technical services	100%
Orbitalytics Services Ltd	Information for the space exploration industry	100%
HTP Chemical Ltd	Plant based distillation	100%
Saltire Connect Limited	Professional, scientific and technical services	100%
Orbitonix Ltd	New orbits of mobile development	100%
Gorfion Digital Ltd	Creation of liquid-propelled engines	100%
Blue Trident Holdings Limited	Professional, scientific and technical services	100%
Skyrora UA LLC *	Research and development in the field of space technology	100%
Skyrora s.r.o *	Professional, scientific and technical services	100%
Softhetic Development Limited	Software development	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 subsidiaries. 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.

### 17. Inventories

#### Group

	2022 £	2021 £
Raw materials	1,827,991	2,282,623
	<u>1,827,991</u>	<u>2,282,623</u>

The amount of inventories recognised as an expense during 2022 was £242,000 (2021 - £519,820).

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 18. Trade and other receivables

#### Group

	2022	2021
	£	£
Trade receivables	3,642,484	2,313,052
Less: provision for impairment of trade receivables	-	-
<b>Trade receivables - net</b>	<b>3,642,484</b>	<b>2,313,052</b>
Receivables from related parties	5,000	708
Receivables from participating interests	209,748	1,821,208
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>3,857,232</b>	<b>4,134,968</b>
Prepayments and accrued income	112,124	28,610
Unpaid share capital	1,877,232	1,877,232
Tax recoverable	2,749,318	1,916,146
Other receivables	669,906	652,413
<b>Total trade and other receivables</b>	<b>9,265,812</b>	<b>8,609,369</b>
<b>Total current portion</b>	<b>(9,265,812)</b>	<b>(8,609,369)</b>

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

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### Company

	2022	2021
	£	£
Receivables from related parties	1,662,022	1,911,047
Receivables from participating interests	195,289	1,821,208
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>1,857,311</b>	<b>3,732,255</b>
Unpaid share capital	1,877,232	1,877,232
Other receivables	126,707	276,707
<b>Total trade and other receivables</b>	<b>3,861,250</b>	<b>5,886,194</b>
<b>Total current portion</b>	<b>(3,861,250)</b>	<b>(5,886,194)</b>

The carrying value of trade and other receivables classified as loans and receivables 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 2022 (2021: £nil).

The Group and Company have no past due but not impaired trade accounts receivable (2021: nil).

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 19. Trade and other payables

#### Group

	2022	2021
	£	£
Trade payables	431,851	276,473
Other payables	19,668	60,678
Accruals	1,050,667	1,233,803
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>1,502,186</b>	<b>1,570,954</b>
Other payables - tax and social security payments	14,243	-
<b>Total trade and other payables</b>	<b>1,516,429</b>	<b>1,570,954</b>
Less: current portion - trade payables	(431,851)	(276,473)
Less: current portion - other payables	(30,148)	(56,169)
Less: current portion - accruals	(1,050,667)	(1,233,803)
<b>Total current portion</b>	<b>(1,512,666)</b>	<b>(1,566,445)</b>
<b>Total non-current position</b>	<b>3,763</b>	<b>4,509</b>

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.

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### Company

	2022 £	2021 £
Payables to related parties	4,740,669	919,123
Accruals	47,780	1,780
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>4,788,449</b>	<b>920,903</b>
<b>Total current portion</b>	<b>(4,788,449)</b>	<b>(920,903)</b>

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 (2021: 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

	2022 £	2021 £
<b>Non-current</b>		
<b>Current</b>		
Overdrafts	-	4,126
	-	4,126
<b>Total loans and borrowings</b>	<b>-</b>	<b>4,126</b>

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

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 21. Share capital

#### Authorised

	2022 Number	2022 £	2021 Number	2021 £
<b>Shares treated as equity</b>				
Ordinary shares of £0.001 each	1,050	1	1,050	1
Preference shares of £1,000.00 each	35,000	35,000,000	35,000	35,000,000
	<u>36,050</u>	<u>35,000,001</u>	<u>35,000</u>	<u>35,000,001</u>

At the year end £1,877,232 (2021: £1,877,232) 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 dividend 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 2022; 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

	2022 Number	2022 £	2021 Number	2021 £
<b>Ordinary shares of £0.001 each</b>				
At 1 January and 31 December	<u>1,050</u>	<u>1</u>	<u>1,050</u>	<u>1</u>
	<b>2022 Number</b>	<b>2022 £</b>	<b>2021 Number</b>	<b>2021 £</b>
<b>Preference shares of £1,000.00 each</b>				
At 1 January and 31 December	<u>35,000</u>	<u>35,000,000</u>	<u>35,000</u>	<u>35,000,000</u>

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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 £
<b>Year to 31 December 2022</b>	
Exchange differences arising on translation of foreign operations	136,862
	<u>136,862</u>
	Foreign exchange reserve £
<b>Year to 31 December 2021</b>	
Exchange differences arising on translation of foreign operations	(102,305)
	<u>(102,305)</u>

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### **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 is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

#### **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.

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# SKYRORA VENTURES LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 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

	2022 £	2021 £
Related party due to common directorship	45,289	1,821,208
Amounts owed by participating interests	14,459	-
	<u>59,748</u>	<u>1,821,208</u>

### 26. Controlling party

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

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 27. Business combinations during the year

#### 27.1 Subsidiaries acquired

On 1 April 2022, Softhetic Development Limited was acquired by Skyrora Ventures Limited by way of a debt to equity agreement and therefore no consideration was transferred between the entities.

Name	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred £
Softhetic Development Limited	Software development	01/04.	100	-

#### 27.2 Assets acquired and liabilities recognised at the date of acquisition

	Softhetic Development Limited £	Total £
<b>Non-current assets</b>		
Property, plant and equipment	692,331	692,331
Intangible assets	161,726	161,726
<b>Current assets</b>		
Cash and cash equivalents	400,903	400,903
Trade and other receivables	470,785	470,785
<b>Non-current liabilities</b>		
Deferred tax liabilities	(47,911)	(47,911)
<b>Current liabilities</b>		
Trade and other liabilities	(1,776,788)	(1,776,788)
	<u>(98,954)</u>	<u>(98,954)</u>

#### 27.3 Goodwill arising on acquisition

	Softhetic Development Limited £	Total £
Net liabilities as at 1 April 2022	98,954	98,954
<b>Goodwill arising on acquisition</b>	<u>98,954</u>	<u>98,954</u>

# SKYRORA VENTURES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 27. Business combinations during the year (continued)

#### 27.4 Impact of acquisition on the results of the Group

The goodwill recognised on acquisition of Softhetic Development Limited is recorded within the consolidated statement of financial position of Skyrora Ventures Limited.

Softhetic Development Limited had net assets of £3,533,691 as at 31 December 2022 and reported profits for the period 1 April 2022 - 31 December 2022 of the following:

	Period ended 31 December 2022 £
Turnover	3,605,552
Profit	<u>1,838,993</u>

The financial statements of Softhetic Development Limited for the year to 31 December 2022 recorded revenue of £4,744,901 and profit after tax of £1,982,363.

### 28. Notes supporting statement of cash flows

#### Group

	2022 £	2021 £
Cash at bank available on demand	<u>7,105,422</u>	<u>7,908,132</u>
<b>Cash and cash equivalents in the statement of financial position</b>	<b><u>7,105,422</u></b>	<b><u>7,908,132</u></b>
Bank overdrafts used for cash management purposes	-	<u>(4,126)</u>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b><u>7,105,422</u></b>	<b><u>7,904,006</u></b>

#### Company

	2022 £	2021 £
Cash at bank available on demand	<u>623,289</u>	<u>3,939,002</u>
<b>Cash and cash equivalents in the statement of financial position</b>	<b><u>623,289</u></b>	<b><u>3,939,002</u></b>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b><u>623,289</u></b>	<b><u>3,939,002</u></b>



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