

SKYRORA VENTURES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

SKYRORA VENTURES LIMITED

COMPANY INFORMATION

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

SKYRORA VENTURES LIMITED

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SKYRORA VENTURES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The Strategic Report contains brief information about Skyrora Group, an overview of the business, key performance indicators, and our approach to sustainability and risk. The Strategic Report is a part of the Annual Report and Accounts for 2023.

More information about Skyrora is available at www.skyrora.com.

Business review

Skyrora is a next-generation private launch vehicle manufacturing company specialising in advanced 3D-printing techniques tailored for the small satellite market. Beyond the aerospace sector, Skyrora Group invests in innovative technologies across multiple industries.

Market & Economic Context: 2023 presented substantial global economic challenges, including inflation, supply chain disruptions, and geopolitical tensions. These factors have impacted the UK economy, increasing operational costs for the business and contributing to uncertainty in both domestic and international markets. The ongoing conflict in Ukraine has directly impacted Skyrora's Ukrainian workforce. In response, Skyrora relocated several critical specialists to the UK while supporting the remaining employees in Ukraine.

Operational Highlights: In 2023, Skyrora successfully concluded formalities related to the 2022 Iceland launch, emphasising commitment to responsible recovery and environmental stewardship. Skyrora secured a Contract Change Note (CCN) with the UK Space Agency (UKSA) and the European Space Agency (ESA), which extends critical work packages for the development of an innovative space-based telemetry solution. Skyrora's technological advancements include significant progress in bi-metallic 3D printing, achieved through collaboration with the Horizon 2020 MADE-3D consortium. Additionally, Skyrora submitted an application to CAA for a suborbital launch licence for the Skylark-L. Skyrora played an essential role in contributing to the UK Government's Regulatory Review of the Space Industry Act 2018..

Financial Performance: Throughout 2023, Skyrora has demonstrated financial stability, maintaining a solid balance sheet and good revenue performance of non-space business units.

Future Developments

In 2023, Skyrora has made substantial progress towards commercial operations. Skyrora has achieved key technological and licensing milestones, with a primary focus on advancing the core launch vehicle technology and ensuring the well-being of employees. As we progress, these accomplishments position Skyrora strongly for continued growth and success in the coming years.

SKYRORA VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Technical review

Skyrora has secured an additional £2.5 million in funding from the European Space Agency (ESA), facilitating the development and testing of an advanced ground-based telemetry device. This funding supports a planned suborbital launch in 2025, demonstrating our technological capabilities on an international platform.

Skyrora has established a fully equipped composites manufacturing facility in Cumbernauld, significantly enhancing our in-house capacity for carbon fibre pre-preg body construction, essential for developing our launch vehicles.

We have successfully submitted the Launch License Application for the SKL suborbital vehicle, which has been accepted by the Civil Aviation Authority (CAA). This acceptance underscores our compliance with regulatory standards and readiness to advance towards orbital operations.

Skyrora has passed the Critical Design Review for the 70kN engine, and our progression to Qualification Testing represents a significant technical milestone as we scale up engine production.

We have advanced the first stage of the XL launch vehicle from the Preliminary Design Review to prototype manufacturing, indicating that we are on track to produce the essential components required for our inaugural orbital launch.

These advancements solidify our technical foundation and regulatory position, bringing Skyrora closer to achieving orbital launch capabilities.

Milestone	Description
CCN1 & 2 Submitted to ESA for Additional Funding	Two proposals were sent to ESA and accepted for additional funding worth £2.5 million to test and launch an innovative ground-based telemetry device that uses Viasat's in-orbit telecommunications services to relay launch vehicle data to the ground. This will include a sub-orbital launch from a UK spaceport in 2025.
Composites Factory Set Up	A fully equipped and manned composites factory was set up in the Cumbernauld facility to allow carbon fibre pre-preg body construction.
CAA Licence for Sub-Orbital Launch Vehicle (SKL) Submitted	The full CAA launch licence application for the SKL launch vehicle was submitted successfully submitted to the CAA and accepted. The UK Government review timeline is 12 months
70kN Engine Passed Critical Design Review	The continued testing, now 30 tests at the date of this report, has generated enough data to design freeze and pass a Critical Design Review for the 70kN engines. This allows Qualification Testing to begin and the construction of an additional ten engines.
1st Stage of XL Passed Preliminary Design Review	The 1st stage of the XL launch vehicle successfully passed Preliminary Design Review and has progressed to prototype manufacturing.

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.

SKYRORA VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Operational and Technical KPIs

Technical

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 2023.	Milestones 2023: 3 2022: 5
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Engines manufactured and tested

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: 2023: 4/4 2022: 1/2
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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.	Facilities: 2023: 5 2022: 4
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Technical staff growth

The number of technical staff and subcontractors globally (including our office in the UK and Ukraine) has decreased to 183.	Headcount: 2023: 183 2022: 185
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Financial review

In 2023, our Group's principal operating entities maintained strong capitalisation and operated within their designated ranges. Our 2024 financial objectives include securing additional private capital and government funding, enhancing cost efficiency, and pursuing strategic growth opportunities.

SKYRORA VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Financial KPIs

Revenues	
Revenues from the Group's subsidiaries increased by 22% to £30.8 million, which included significantly improved performance in the UK region and globally.	2023: £30.8 million
	2022: £25.1 million
	23% increase
Profit margin	
The net profit margin for the Group's non-space-related subsidiaries decreased to 27.4% from 28.8% in 2022, primarily due to increased competition and changes in consumer demand, which reduced the volume of orders. The companies implemented price strategy adjustments to maintain their customer base, impacting the businesses' overall profitability.	2023: 27.4%
	2022: 28.8%
	1% decrease

Principal risks and uncertainties

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

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 incremental testing.
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 being unable to make payments when they become due because of insufficient cash-form assets.	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.
Reduction in the number of skilled jobs in the space sector needed 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: 14 October 2024

SKYRORA VENTURES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents his report and the financial statements for the year ended 31 December 2023.

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 loss for the year, after taxation, amounted to £3,391,683 (2022: profit £1,791,858).

Director

The director who served during the year was:

V Levykin

Political contributions

During the year there were political contributions made of £Nil (2022: £Nil).

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.

SKYRORA VENTURES LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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

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: 14 October 2024

SKYRORA VENTURES LIMITED

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

Opinion

We have audited the of Skyrora Ventures Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Company's financial statements is applicable law and UK adopted international accounting standards.

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 2023 and of the Group's loss for the year then ended;
- have been properly prepared with UK adopted international accounting standards ; and
- 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 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.

Material uncertainty relating to going concern

We draw your attention to Note 3 of the Group financial statements on page 23, which indicates that the ongoing war in Ukraine poses a threat to the Group's R&D activities within Ukraine and may cast significant doubt on the ability of the Group to continue as going concern. As stated in Note 3, management has assessed that the unpredictable duration and severity of the impact of the war in Ukraine indicate that a material uncertainty exists as some of uncertainties identified are outside of the Group management's control. These circumstances indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to operate as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Significant accounting estimate and judgement applied in assessment of investments in subsidiaries impairment

We draw your attention to Note 16 of the Group financial statements on page 44, which describes the significant judgement used by management to consider any potential impairment considerations regarding the valuation of investments in subsidiary Skyrora Limited as at 31 December 2023.

Fair value of investments relies on ability of the subsidiary to obtain the required licences to launch rockets and move from the development to the operational phase which is expected to generate income in the subsidiary.

Our opinion is not modified in respect of this matter.

SKYRORA VENTURES LIMITED

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the 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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 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 that are free from material misstatement, whether due to fraud or error.

In preparing the , 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.

SKYRORA VENTURES LIMITED

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

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, those charged with governance and the entity's solicitors (or in-house legal team) 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 rationale 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 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 , 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 is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Andrew Moyser FCA FCCA

(Senior statutory auditor)
for and on behalf of
MHA, Statutory Auditor
London, United Kingdom

Date: 14 October 2024

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 2023

	Note	2023 £	2022 £
Revenue	6	30,846,675	25,120,296
Cost of sales		(22,267,437)	(17,113,158)
Gross profit		8,579,238	8,007,138
Other operating income	7	194,356	459,096
Administrative expenses		(11,732,152)	(10,325,372)
Loss from operations		(2,958,558)	(1,859,138)
Finance income	12	7,972	19,401
Other finance income	12	73,753	549
Loss on investment in associates		(16,055)	-
Loss before tax		(2,892,888)	(1,839,188)
Tax (expense)/credit	13	(498,795)	3,631,046
(Loss)/profit for the year		(3,391,683)	1,791,858
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation on foreign operations	23	(164,879)	136,862
Total comprehensive income		(3,556,562)	1,928,720
(Loss)/profit for the year attributable to:			
Owners of the parent		(3,391,683)	1,791,858
		(3,391,683)	1,791,858
Total comprehensive income attributable to:			
Owners of the parent		(3,556,562)	1,928,720
		(3,556,562)	1,928,720

The notes on pages 21 to 54 form part of these financial statements.

SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Assets			
Non-current assets			
Property, plant and equipment	14	2,833,349	1,899,614
Intangible assets	15	119,752	130,472
		<u>2,953,101</u>	<u>2,030,086</u>
Current assets			
Inventories	17	1,004,102	1,827,991
Trade and other receivables	18	10,859,875	12,265,812
Cash and cash equivalents	28	13,919,017	7,105,422
Deferred tax	13	-	1,623,885
		<u>25,782,994</u>	<u>22,823,110</u>
Total assets		<u>28,736,095</u>	<u>24,853,196</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	19	2,546	3,763
		<u>2,546</u>	<u>3,763</u>
Current liabilities			
Bank overdraft	28	105	-
Trade and other liabilities	19	2,863,239	1,512,666
		<u>2,863,344</u>	<u>1,512,666</u>
Total liabilities		<u>2,865,890</u>	<u>1,516,429</u>
Net assets		<u>25,870,205</u>	<u>23,336,767</u>

SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Issued capital and reserves attributable to owners of the parent			
Share capital	21	35,000,001	35,000,001
Capital contribution reserve		9,090,000	3,000,000
Foreign exchange reserve		(132,784)	32,095
Retained earnings		(18,087,012)	(14,695,329)
		<u>25,870,205</u>	<u>23,336,767</u>
TOTAL EQUITY		<u>25,870,205</u>	<u>23,336,767</u>

The financial statements on pages 12 to 54 were approved and authorised for issue by the board of director and were signed on its behalf by:

V Levykin

Director

Date: 14 October 2024

The notes on pages 21 to 54 form part of these financial statements.

SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Assets			
Non-current assets			
Other non-current investments	16	34,017,587	32,034,547
		<u>34,017,587</u>	<u>32,034,547</u>
Current assets			
Trade and other receivables	18	10,106,481	6,861,250
Cash and cash equivalents	28	3,916,410	623,289
		<u>14,022,891</u>	<u>7,484,539</u>
Total assets		<u>48,040,478</u>	<u>39,519,086</u>
Liabilities			
Non-current liabilities			
Deferred tax	13	(269,914)	(233,205)
		<u>(269,914)</u>	<u>(233,205)</u>
Current liabilities			
Trade and other liabilities	19	191,041	4,788,449
		<u>191,041</u>	<u>4,788,449</u>
Total liabilities		<u>(78,873)</u>	<u>4,555,244</u>
Net assets		<u>48,119,351</u>	<u>34,963,842</u>

SKYRORA VENTURES LIMITED

REGISTERED NUMBER: SC586664

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Issued capital and reserves attributable to owners of the parent			
Share capital	21	35,000,001	35,000,001
Capital contribution reserve		9,090,000	3,000,000
Retained earnings		4,029,350	(3,036,159)
TOTAL EQUITY		48,119,351	34,963,842

The Company's profit for the year was £7,065,509 (2022 - loss £387,680).

The financial statements on pages 12 to 54 were approved and authorised for issue by the board of director and were signed on its behalf by:

V Levykin
Director

The notes on pages 22 to 54 form part of these financial statements.

SKYRORA VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Capital contribution reserve	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
At 1 January 2022	35,000,001	-	(104,767)	(16,487,187)	18,408,047	18,408,047
Comprehensive income for the year						
Profit for the year	-	-	-	1,791,858	1,791,858	1,791,858
Other comprehensive income	-	-	136,862	-	136,862	136,862
Total comprehensive income for the year	-	-	136,862	1,791,858	1,928,720	1,928,720
Capital contribution	-	3,000,000	-	-	3,000,000	3,000,000
Total contributions by and distributions to owners	-	3,000,000	-	-	3,000,000	3,000,000
At 31 December 2022 (Restated)	35,000,001	3,000,000	32,095	(14,695,329)	23,336,767	23,336,767
At 1 January 2023 (as restated)	35,000,001	3,000,000	32,095	(14,695,329)	23,336,767	23,336,767
Comprehensive income for the year						
Loss for the year	-	-	-	(3,391,683)	(3,391,683)	(3,391,683)
Other comprehensive income	-	-	(164,879)	-	(164,879)	(164,879)
Total comprehensive income for the year	-	-	(164,879)	(3,391,683)	(3,556,562)	(3,556,562)
Capital contribution	-	6,090,000	-	-	6,090,000	6,090,000
Total contributions by and distributions to owners	-	6,090,000	-	-	6,090,000	6,090,000
At 31 December 2023	35,000,001	9,090,000	(132,784)	(18,087,012)	25,870,205	25,870,205

The notes on pages 21 to 54 form part of these financial statements.

Please see note 29 for details in connection with the prior year adjustment.

SKYRORA VENTURES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2022	35,000,001	-	(2,648,479)	32,351,522
Comprehensive income for the year				
Loss for the year	-	-	(387,680)	(387,680)
Total comprehensive income for the year	-	-	(387,680)	(387,680)
Capital contribution	-	3,000,000	-	3,000,000
Total contributions by and distributions to owners	-	3,000,000	-	3,000,000
At 31 December 2022 (Restated)	35,000,001	3,000,000	(3,036,159)	34,963,842
At 1 January 2023 (as restated)	35,000,001	3,000,000	(3,036,159)	34,963,842
Comprehensive income for the year				
Profit for the year	-	-	7,065,509	7,065,509
Total comprehensive income for the year	-	-	7,065,509	7,065,509
Capital contribution	-	6,090,000	-	6,090,000
Total contributions by and distributions to owners	-	6,090,000	-	6,090,000
At 31 December 2023	35,000,001	9,090,000	4,029,350	48,119,351

The notes on pages 21 to 54 form part of these financial statements.

Please see note 29 for details in connection with the prior year adjustment.

SKYRORA VENTURES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Cash flows from operating activities			
(Loss)/profit for the year		(3,391,683)	1,791,858
Depreciation of property, plant and equipment	14	528,277	770,446
Amortisation of intangible fixed assets	15	11,035	17,917
Finance income	12	(81,725)	(19,950)
Loss on investment in associates		16,055	-
Net foreign exchange (gain)/loss		(224,098)	135,404
Income tax expense	13	498,795	(3,631,046)
		<u>(2,643,344)</u>	<u>(935,371)</u>
Movements in working capital:			
Decrease/(increase) in trade and other receivables		990,342	(2,823,271)
Decrease in inventories		823,889	454,632
Increase/(decrease) in trade and other payables		1,360,099	(56,250)
		<u>530,986</u>	<u>(3,360,260)</u>
Cash generated from operations			
Income taxes received		1,514,098	1,136,848
		<u>2,045,084</u>	<u>(2,223,412)</u>
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(1,418,262)	(1,595,122)
Proceeds from disposal of property, plant and equipment		14,943	-
Interest received	12	81,725	19,950
		<u>(1,321,594)</u>	<u>(1,575,172)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Capital contribution reserve		6,090,000	3,000,000
		<u>6,090,000</u>	<u>3,000,000</u>
Net cash from financing activities			
Net cash increase/(decrease) in cash and cash equivalents			
		<u>6,813,490</u>	<u>(798,584)</u>
Cash and cash equivalents at the beginning of year		7,105,422	7,904,006
Cash and cash equivalents at the end of the year	28	<u><u>13,918,912</u></u>	<u><u>7,105,422</u></u>

The notes on pages 21 to 54 form part of these financial statements.

SKYRORA VENTURES LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	Restated 2022 £
Cash flows from operating activities			
Profit/(loss) for the year		7,065,509	(387,680)
Adjustments for			
Depreciation of property, plant and equipment	14	-	466
Loss on investment in associates		16,055	-
Income tax expense	13	(36,709)	(233,205)
		<u>7,044,855</u>	<u>(620,419)</u>
Movements in working capital:			
Increase in trade and other receivables		(3,261,286)	(975,056)
(Decrease)/increase in trade and other payables		(4,597,408)	3,867,546
Cash generated from operations		<u>(813,839)</u>	<u>2,272,071</u>
Net cash (used in)/from operating activities		<u>(813,839)</u>	<u>2,272,071</u>
Cash flows from investing activities			
Purchase of share capital in subsidiaries		(1,983,040)	(8,587,784)
Net cash used in investing activities		<u>(1,983,040)</u>	<u>(8,587,784)</u>
Cash flows from financing activities			
Capital contribution reserve		6,090,000	3,000,000
Net cash from financing activities		<u>6,090,000</u>	<u>3,000,000</u>
Net cash increase/(decrease) in cash and cash equivalents		<u>3,293,121</u>	<u>(3,315,713)</u>
Cash and cash equivalents at the beginning of year		623,289	3,939,002
Cash and cash equivalents at the end of the year	28	<u><u>3,916,410</u></u>	<u><u>623,289</u></u>

The notes on pages 21 to 54 form part of these financial statements.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 14 October 2024.

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.

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

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2023

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.

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:

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

AS 7 & FRS 7 - Supplier Finance Arrangements – Amendments - 1 January 2024

FRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information - 1 January 2024

FRS S2 - Climate-related Disclosures - 1 January 2024

AS 21 - Lack of Exchangeability – Amendments - 1 January 2025

FRS 18 - Presentation and Disclosure in Financial Statements - 1 January 2027

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. Material 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:

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material 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.

The events resulting from the military invasion by the Russian Federation of Ukraine on 24 February 2022 has had unpredictable consequences for the operations of the Ukrainian subsidiary of the Group. The ongoing war in Ukraine means that Skyrora UA LLC may not be able to realise its assets and liabilities in the ordinary course of business. Management therefore recognises that this creates a material uncertainty that may cast doubt on the Group's ability to operate as a going concern. Steps have been taken by management to mitigate this risk to the Group, including establishing continuity plans to enable R&D activities of the Group to continue outside Ukraine and both relocating and supporting staff to minimise the impact on daily operations.

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 2025/2026 and grow substantially in subsequent years), and therefore the Group's future funding is not directly impacted by the operations of Skyrora UA LLC. The actions taken by management have so far helped to minimise the effects of the hostilities in Ukraine and supported the continuation of the R&D process in order to meet the timeline for the planned launches in 2025/2026.

Whilst these uncertainties exist and challenge the Group'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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material 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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material 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.

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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

3.6 Foreign currency (continued)

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

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

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

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

3.7 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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

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.

(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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

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

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 is deemed to have a infinite useful life under accounting standard IFRS 3, and will be tested annually for impairment.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

3.11 Intangible assets (continued)

(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.

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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

Expected credit losses policy

The Group and Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECLs) using a lifetime expected credit loss provision for trade receivables. ECLs are calculated on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Expected Credit Losses on all other assets with a financing element are recognised when the credit risk on a financial instrument is considered to have increased significantly since the initial recognition, with reference to the risk of default and changes in the macroeconomic environment. Management reviews the methodology annually to ensure that the inputs and assumptions are still applicable.

3.14 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.

3.15 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.

3.16 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 primary economic environment in which the Group operates. All amounts have been rounded to the nearest pound, unless otherwise indicated.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 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.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

6. Revenue

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

	2023 £	2022 £
Sale of services	<u>30,846,675</u>	<u>25,120,296</u>
	<u>30,846,675</u>	<u>25,120,296</u>

Analysis of revenue by country of source:

	2023 £	2022 £
United Kingdom	2,561,753	2,124,574
Rest of Europe	27,664,237	22,851,716
Rest of the world	620,685	144,006
	<u>30,846,675</u>	<u>25,120,296</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.

7. Other operating income

	2023 £	2022 £
Other operating income	31,862	2,242
Government grants receivable	157,595	455,354
Sundry income	4,899	1,500
	<u>194,356</u>	<u>459,096</u>

During 2023 the government grant income relates to UK Innovate and the European Space Agency Grant monies received.

8. Expenses by nature

	2023 £	2022 £
Depreciation of property, plant and equipment	531,592	770,446
Amortisation of intangible assets	11,035	17,656
Research and development costs	<u>3,122,770</u>	<u>3,131,809</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. Employee benefit expenses

Group

	2023	<i>Restated</i> 2022
	£	£
Employee benefit expenses (including director) comprise:		
Wages and salaries	1,528,436	1,705,377
National insurance	206,752	169,287
Defined contribution pension cost	29,253	29,015
	<u>1,764,441</u>	<u>1,903,679</u>

The comparative employee numbers have been updated due to a change to the way we structure the representation of personnel numbers.

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.

	2023	2022
	£	£
Salary	73,705	75,295
	<u>73,705</u>	<u>75,295</u>

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

	2023	<i>Restated</i> 2022
	No.	No.
Administration	8	11
Technical and R&D	36	41
Directors	6	6
	<u>50</u>	<u>58</u>

The monthly average number of persons, including the directors, employed by the Company during the year was 1, (2022: 1).

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. Employee benefit expenses (continued)

Average subcontractors

	2023 No.	2022 <i>Restated</i> No.
Administration	54	51
Production	30	30
Technical and R&D	147	144
	<u>231</u>	<u>225</u>

10. Auditor's remuneration

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

	2023 £	2022 £
Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements	<u>59,800</u>	<u>56,000</u>

11. Director's remuneration

	2023 £	2022 £
Director's emoluments	<u>73,705</u>	<u>75,295</u>
	<u>73,705</u>	<u>75,295</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Finance income and expense

Recognised in profit or loss

	2023 £	2022 £
Finance income		
Interest on:		
- Bank deposits	7,779	-
Total interest income arising from financial assets measured at amortised cost	<u>7,779</u>	<u>-</u>
Other interest receivable	193	19,401
Other finance income	73,753	549
Total finance income	<u>81,725</u>	<u>19,950</u>
Finance expense		
Net finance income recognised in profit or loss	<u><u>81,725</u></u>	<u><u>19,950</u></u>

13. Tax expense

13.1 Income tax recognised in profit or loss

	2023 £	2022 £
Current tax		
Current tax on profits for the year	(1,125,302)	(1,959,423)
Total current tax	<u>(1,125,302)</u>	<u>(1,959,423)</u>
Deferred tax expense		
Origination and reversal of timing differences	1,624,097	(1,671,623)
Total deferred tax	<u>1,624,097</u>	<u>(1,671,623)</u>
	<u><u>498,795</u></u>	<u><u>(3,631,046)</u></u>
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	498,795	(3,631,046)
	<u><u>498,795</u></u>	<u><u>(3,631,046)</u></u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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:

	2023 £	2022 £
(Loss)/profit for the year	(3,391,683)	1,791,858
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	498,795	(3,631,046)
Loss before income taxes	(2,892,888)	(1,839,188)
Tax using the Company's domestic tax rate of 23.52% (2022:19%)	(680,407)	(349,446)
Fixed asset and deferred tax timing differences	1,114,268	(3,972,989)
Capital allowances for the year in excess of depreciation	(6,710)	561,462
Income not taxable	(21,566)	-
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	62,794	542,332
Variance to overseas tax rate	4,762	134,158
Group income	-	(639,506)
Remeasurement of deferred tax changes in tax rates	25,654	92,943
Total tax expense	498,795	(3,631,046)

There are no factors that may affect future tax charges.

13.2 Current tax assets and liabilities

	2023 £	2022 £
Current tax asset		
Corporation tax payable	-	10,743
Tax recoverable	(2,093,039)	(2,749,318)
	(2,093,039)	(2,738,575)

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

13. Tax expense (continued)

13.3 Deferred tax liability /(asset)

Realised deferred tax liability / (asset):

	2023 £	2022 £
Fixed asset timing differences	419,835	336,959
Short term timing differences	-	(23,236)
Losses and other deductions	(419,835)	(1,937,608)
	<u>-</u>	<u>(1,623,885)</u>

Unrealised deferred tax asset:

	2023 £	2022 £
Short term timing differences	(23,274)	-
Losses and other deductions	(1,168,120)	-
	<u>(1,191,394)</u>	<u>-</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 January 2022	876	17,054	404,926	24,435	377,216	1,122,620	604,976	208,903	2,761,006
Additions	-	298,930	35,084	-	25,852	251,062	-	-	610,928
Reclassification to Intangible fixed assets	-	(293,991)	-	-	15,465	-	277,933	-	(593)
Foreign exchange movements	(145)	(3,393)	-	-	(15,378)	(1,239)	(132,275)	(36,227)	(188,657)
At 31 December 2022	731	18,600	440,010	24,435	403,155	1,372,443	750,634	172,676	3,182,684
Additions	-	661,749	194,939	-	64,638	445,862	-	54,389	1,421,577
Disposals	-	-	-	(4,490)	(1,281)	(9,844)	(12,141)	-	(27,756)
Reclassification to Intangible fixed assets	-	(662,069)	-	-	47,100	416	613,961	-	(592)
Foreign exchange movements	(63)	118,987	-	-	(8,835)	(554)	(87,054)	(11,721)	10,760
At 31 December 2023	668	137,267	634,949	19,945	504,777	1,808,323	1,265,400	215,344	4,586,673

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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
	£	£	£	£	£	£	£	£	£
Accumulated depreciation and impairment									
At 1 January 2022	107	-	30,958	14,604	112,959	349,723	230,526	165,208	904,085
Charge owned for the year	55	-	43,464	6,184	47,013	239,606	104,206	38,055	478,583
Exchange adjustments	(24)	-	-	-	(15,187)	(793)	(50,202)	(33,392)	(99,598)
At 31 December 2022	138	-	74,422	20,788	144,785	588,536	284,530	169,871	1,283,070
Charge owned for the year	46	-	53,912	1,571	58,365	274,569	115,539	27,590	531,592
Disposals	-	-	-	(2,414)	(555)	(9,844)	-	-	(12,813)
Exchange adjustments	(13)	-	-	-	(7,883)	(428)	(29,716)	(10,485)	(48,525)
At 31 December 2023	171	-	128,334	19,945	194,712	852,833	370,353	186,976	1,753,324
Net book value									
At 1 January 2022	769	17,054	373,968	9,831	264,257	772,897	374,450	43,695	1,856,921
At 31 December 2022	593	18,600	365,588	3,647	258,370	783,907	466,104	2,805	1,899,614
At 31 December 2023	497	137,267	506,615	-	310,065	955,490	895,047	28,368	2,833,349

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. Property, plant and equipment (continued)

14.1. Assets held under leases

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

	31 December 2023	<i>31 December 2022</i>
	£	£
Property, plant and equipment owned	2,804,981	1,896,809
Right-of-use assets, excluding investment property	28,368	2,805
	<u>2,833,349</u>	<u>1,899,614</u>

Net book value of right of use assets

	31 December 2023	<i>31 December 2022</i>
	£	£
Premises and equipment	<u>28,368</u>	<u>2,805</u>

Depreciation charge for the year ended

	31 December 2023	<i>31 December 2022</i>
	£	£
Premises and equipment	<u>27,590</u>	<u>38,055</u>

Additions to right-of-use assets

	31 December 2023	<i>31 December 2022</i>
	£	£
Premises and equipment	<u>54,389</u>	<u>-</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14.1. Assets held under leases (continued)

Lease Liabilities

Maturity analysis - contractual undiscounted cashflows

	2023 £	2022 £
Less than one year	27,963	-
One to five years	2,546	3,762
More than five years	<u>-</u>	<u>-</u>

Included in current liabilities is £27,963 (2022: £Nil)

Included in non current liabilities is £2,546 (2022: £3,762)

Amounts recognised in the profit or loss

	2023 £	2022 £
Interest on lease liabilities	<u>7,015</u>	<u>5,303</u>
	<u>7,015</u>	<u>5,303</u>

Amounts recognised in the statement of cash flows

The total cash outflow for leases included in the statement of cashflows is £33,951 (2022: £49,809)

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Intangible assets

Group

	Goodwill	Development expenditure	Computer software	Total
	£	£	£	£
Cost				
At 1 January 2022	-	27,766	168,641	196,407
Additions	98,954	-	-	98,954
Reclassification from tangible fixed assets	-	593	-	593
Disposals	-	-	(135,008)	(135,008)
Foreign exchange movement	-	(4,664)	-	(4,664)
At 31 December 2022	98,954	23,695	33,633	156,282
Reclassification from tangible fixed assets	-	592	-	592
Foreign exchange movement	-	(2,066)	-	(2,066)
At 31 December 2023	98,954	22,221	33,633	154,808
	Goodwill	Development expenditure	Computer software	Total
	£	£	£	£
Accumulated amortisation and impairment				
At 1 January 2022	-	10,980	261	11,241
Charge for the year	-	10,981	6,675	17,656
Foreign exchange movement	-	(3,087)	-	(3,087)
At 31 December 2022	-	18,874	6,936	25,810
Charge for the year	-	4,361	6,674	11,035
Foreign exchange movement	-	(1,789)	-	(1,789)
At 31 December 2023	-	21,446	13,610	35,056
Net book value				
At 1 January 2022	-	16,786	168,380	185,166
At 31 December 2022	98,954	4,821	26,697	130,472
At 31 December 2023	98,954	775	20,023	119,752

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16. Other non-current investments

Company

Investment in subsidiaries accounted for at cost less impairment.

	2023 £	2022 £
Brought forward	32,034,547	23,446,763
Additions	1,983,040	11,477,337
Impairment	-	(2,889,553)
Carried forward	<u>34,017,587</u>	<u>32,034,547</u>

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%
Skyrora GmbH *	Research and development of 3D printing technologies for the aerospace industry	100%

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16. Other non-current investments (continued)

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. Skyrora GmbH's registered office is Niels-Stensen-Strasse 5, 33100, Paderborn, Deutschland.

Following the financial year ended, on 14 May 2024, Gorfion Digital Ltd was liquidated.

Within the analysis of Investments in Skyrora Limited for impairment, management built a financial model to determine value in use of investments as at 31 December 2023.

Management applied significant judgement in estimating of future income from the orbital launch services. Management builds its estimate based on letters of intent, received from its potential customers, and the expected timeline to develop and become operational. Management recognises that commercial and technological success of the orbital launches project depends on many factors and events in future that creates significant level of uncertainty regarding the ability of the subsidiary to generate sufficient income in comparison to the investment made as at 31 December 2023. Notwithstanding the legal licences required to successfully launch rockets, management undertakes a detailed impairment test based upon modelling future sales and costs based upon on existing letters of intent from potential customers and expected costs to operate. According to the finance model prepared by management, value in use is higher than current value of investments as at 31 December 2023 and no Impairment charge is required.

17. Inventories

Group

	2023	2022
	£	£
Raw materials	1,004,102	1,827,991
	<u>1,004,102</u>	<u>1,827,991</u>

The amount of inventories recognised as an expense during 2023 was £- (2022 - £242,000).

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. Trade and other receivables

Group

	2023 £	As restated 2022 £
Trade receivables	2,659,661	3,642,484
Less: provision for impairment of trade receivables	-	-
Trade receivables - net	2,659,661	3,642,484
Receivables from related parties	-	5,000
Receivables from participating interests	190,159	209,748
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,849,820	3,857,232
Prepayments and accrued income	291,403	112,124
Unpaid share capital	4,877,232	4,877,232
Tax recoverable	2,093,039	2,749,318
Other receivables	748,381	669,906
Total trade and other receivables	10,859,875	12,265,812
Total current portion	(10,859,875)	(12,265,812)

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

Company

	2023 £	As restated 2022 £
Receivables from related parties	3,005,098	1,662,022
Receivables from participating interests	179,234	195,289
Total financial assets other than cash and cash equivalents classified as loans and receivables	3,184,332	1,857,311
Unpaid share capital	4,877,232	4,877,232
Other receivables	2,044,917	126,707
Total trade and other receivables	10,106,481	6,861,250
Total current portion	(10,106,481)	(6,861,250)

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18. Trade and other receivables (continued)

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.

No expected credit losses (ECLs) have been recognised for trade receivables in the current year following a review of expected cash flows and historical loss rates. While the policy is to assess ECL's within the lifetime of the instrument, all receivables balances are expected to be settled within 12 months and are classified as current assets. The calculation of ECL's is therefore straight forward and requires less judgment.

No ECLs have been recognised on other assets as management determined there has been no change in credit risk from the prior year. The ECLs recognised in 2021 and 2022 were nil.

No provision was recognised as at 31 December 2023 (2022: £nil).

The Group and Company have no past due but not impaired trade accounts receivable (2022: £nil).

19. Trade and other payables

Group

	2023 £	2022 £
Trade payables	1,605,398	431,851
Other payables	75,043	19,668
Accruals	1,132,555	1,050,667
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,812,996	1,502,186
Other payables - tax and social security payments	52,789	14,243
Total trade and other payables	2,865,785	1,516,429
Less: current portion - trade payables	(1,605,398)	(431,851)
Less: current portion - other payables	(125,286)	(30,148)
Less: current portion - accruals	(1,132,555)	(1,050,667)
Total current portion	(2,863,239)	(1,512,666)
Total non-current position	2,546	3,763

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 2023

Company

	2023 £	2022 £
Payables to related parties	119,489	4,740,669
Other payables	30,722	-
Accruals	40,830	47,780
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>191,041</u>	<u>4,788,449</u>
Total current portion	<u>(191,041)</u>	<u>(4,788,449)</u>

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 (2022: 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

	2023 £	2022 £
Non-current		
Current		
Overdrafts	105	-
	<u>105</u>	<u>-</u>
Total loans and borrowings	<u>105</u>	<u>-</u>

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 2023

21. Share capital

Authorised

	2023 Number	2023 £	2022 Number	2022 £
Shares treated as equity				
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 £4,877,232 (2022 restated : £4,877,232) 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 capital contribution reserve at 31 December 2022 has been increased by £3,000,000. There has been no impact to profit or loss or taxation as a result of the prior period adjustment.

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

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

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

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

The key judgments in arriving at this conclusion were:

- Whilst the preference shareholders are entitled to dividends, the dividends are at the board's discretion;
- No dividend has been approved or accrued at 31 December 2023; 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

	2023 Number	2023 £	2022 Number	2022 £
Ordinary shares of £0.001 each				
At 1 January and 31 December	<u>1,050</u>	<u>1</u>	<u>1,050</u>	<u>1</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

21. Share capital (continued)

	2023 Number	2023 £	2022 Number	2022 £
Preference shares of £1,000.00 each				
At 1 January and 31 December	<u>35,000</u>	<u>35,000,000</u>	<u>35,000</u>	<u>35,000,000</u>

As disclosed within note 29. The capital contribution reserve at 31 December 2022 has been increased by £3,000,000. There has been no impact to profit or loss or taxation as a result of the prior period adjustment.

22. Reserves

Capital contribution reserve

This reserve represents funds contributed without the issuing of additional shares.

Foreign exchange reserve

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

Retained earnings

This reserve records retained earnings and accumulated losses.

23. Analysis of amounts recognised in other comprehensive income

	Foreign exchange reserve £
Year to 31 December 2023	
Exchange differences arising on translation of foreign operations	(164,879)
	<u>(164,879)</u>
	Foreign exchange reserve £
Year to 31 December 2022	
Exchange differences arising on translation of foreign operations	136,862
	<u>136,862</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2023	2022	2023	2022
	£	£	£	£
US Dollar	72,647	6,629	468,202	622,651
Euro	294,572	280,678	7,767,016	6,973,321
	<u>367,219</u>	<u>287,307</u>	<u>8,235,218</u>	<u>7,595,972</u>

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar and the Euro.

The following table details the Group's sensitivity to a 5% and 2% increase and decrease in the pound sterling against the relevant foreign currencies for USD and EURO respectively. 5% and 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% and 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 5% or 2% against the relevant currency. For a 5% or 2% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	US Dollar impact (5%)		Euro impact (2%)	
	2023	2022	2023	2022
	£	£	£	£
Profit or loss	19,778	30,801	149,449	(133,853)
Equity	(19,778)	(30,801)	(149,449)	(133,853)

The rates used in the sensitivity analysis represent the movements in the average USD and EUR rates experienced in 2023.

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

24. Financial instruments - fair values and risk management (continued)

24.3 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.

24.4 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.

24.5 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'.

24.6 Liquidity risk management

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

25. Related party transactions

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

25.1 Loans to related parties

	2023	2022
	£	£
Related party due to common directorship	45,289	45,289
Amounts owed by participating interests	10,925	14,459
	<u>56,214</u>	<u>59,748</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 2023

27. Business combinations completed in prior periods

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	-

(i) Assets acquired and liabilities recognised at the date of acquisition

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

Goodwill

(ii) Goodwill arising on acquisition

	Softhetic Development Limited £	Total £
Net liabilities as at 1 April 2022	<u>98,954</u>	<u>98,954</u>
	98,954	98,954

Goodwill

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

27. Business combinations completed in prior periods (continued)

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:

	2023 £	2022 £
Turnover	-	3,605,552
Profit	<u>-</u>	<u>1,838,993</u>

28. Notes supporting statement of cash flows

Group

	2023 £	2022 £
Cash at bank available on demand	10,169,017	7,105,422
Short-term deposits	3,750,000	-
Cash and cash equivalents in the statement of financial position	<u>13,919,017</u>	<u>7,105,422</u>
Bank overdrafts used for cash management purposes	(105)	-
Cash and cash equivalents in the statement of cash flows	<u>13,918,912</u>	<u>7,105,422</u>

Company

	2023 £	2022 £
Cash at bank available on demand	3,916,410	623,289
Cash and cash equivalents in the statement of financial position	<u>3,916,410</u>	<u>623,289</u>
Cash and cash equivalents in the statement of cash flows	<u>3,916,410</u>	<u>623,289</u>

SKYRORA VENTURES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29. Prior period adjustment

During the year ended 31 December 2023, it was identified by the director, that the financial statements for the year ended 31 December 2022 had errors in relation to the accounting of the capital contribution reserve and unpaid shares.

As a result of this, debtors due within one year and the capital contribution reserve had been materially misstated. Corrections have been made in the comparatives of these financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.