

Company registration number 11147523 (England and Wales)

**SATIFY SPACE SYSTEMS UK LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**PAGES FOR FILING WITH REGISTRAR**

# SATIFY SPACE SYSTEMS UK LIMITED

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# SATIXFY SPACE SYSTEMS UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		87,490		-
<b>Current assets</b>					
Debtors	6	12,445,704		6,558,133	
Cash at bank and in hand		2,241,984		242,410	
		<u>14,687,688</u>		<u>6,800,543</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(31,774,237)</u>		<u>(17,469,717)</u>	
<b>Net current liabilities</b>			<u>(17,086,549)</u>		<u>(10,669,174)</u>
<b>Net liabilities</b>			<u>(16,999,059)</u>		<u>(10,669,174)</u>
<b>Capital and reserves</b>					
Called up share capital			100		100
Profit and loss reserves			<u>(16,999,159)</u>		<u>(10,669,274)</u>
<b>Total equity</b>			<u>(16,999,059)</u>		<u>(10,669,174)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7 August 2023 and are signed on its behalf by:

M Burko  
Director

Company Registration No. 11147523

# SATIFY SPACE SYSTEMS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
<b>Balance at 1 January 2021</b>	100	(5,814,889)	(5,814,789)
<b>Year ended 31 December 2021:</b>			
Loss and total comprehensive income for the year	-	(4,854,385)	(4,854,385)
<b>Balance at 31 December 2021</b>	100	(10,669,274)	(10,669,174)
<b>Year ended 31 December 2022:</b>			
Loss and total comprehensive income for the year	-	(6,435,138)	(6,435,138)
Credit to equity for equity settled share-based payments	8	105,253	105,253
<b>Balance at 31 December 2022</b>	100	(16,999,159)	(16,999,059)

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Satify Space Systems UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ground Floor, Trident Two, Styal Road, Manchester, M22 5XB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have prepared a cash flow forecast for the next twelve months and based on this they consider the company to be a going concern. The parent company has confirmed continuing support for the company through the current development phase until such time as it achieves profitability and will not require repayment of liabilities for at least 12 months from the date of signing these accounts.

#### 1.3 Turnover

Turnover is recognised based upon the percentage of a project completed at the year end based upon the Fair Value of the contract consideration.

Percentage completion is determined based upon the understanding of the project stage completion and cost incurred to date as opposed to total costs budget. Additional costs anticipated are adjusted for in terms of percentage completion prospectively.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

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

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.12 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### **1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies (Continued)

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.15 RDEC

RDEC receivable represents the amounts determined as repayable under the RDEC scheme for research and development credits. The credit is treated as a government grant and is therefore recorded as other operating income 'above the line'.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors 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 historical 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.

### 3 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	10,500	6,805
	<u>          </u>	<u>          </u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Total	34	32
	<u>          </u>	<u>          </u>



# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	326,133	3,042,856
Amounts owed to group	17,511,409	5,532,493
Taxation and social security	129,009	173,103
Other creditors	13,807,686	8,721,265
	<u>31,774,237</u>	<u>17,469,717</u>

### 8 Share-based payment transactions

The company participates in an approved EMI share option scheme operated by its immediate parent company. Under this scheme share options are granted over certain of parent's (Satify Communications Limited) non-redeemable ordinary shares for nil cost at exercise prices of between \$1.10 and \$2.50. Options granted vest in equal tranches over three or four years from the grant date.

Under the rules of the scheme, share options only become sellable upon an exit event. An exit event is defined as the sale or transfer of the whole of the undertaking or assets of the company and its subsidiaries or a successful listing on a recognised stock exchange. An exit event was completed during the year and therefore a charge has been recognised in the financial statements in respect of these options.

If the share options remain unexercised after a period of ten years from the date of grant the share options will automatically lapse and cease to be exercisable. In the event that an employee leaves the employment of the company or its group, for whatever reason (including death), all share options are forfeited immediately. All share options granted are non-assignable under the rules of the scheme and any ordinary shares ultimately acquired on the exercise of a share option are subject to certain restrictions as stipulated in the company's articles of association.

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January 2022	174,315	118,000	1.09	0.81
Granted	103,916	138,125	2.00	1.71
Forfeited	(35,349)	(81,810)	0.93	1.54
Exercised	(18,862)	-	2.00	-
	<u>224,020</u>	<u>174,315</u>	<u>1.36</u>	<u>1.09</u>
Outstanding at 31 December 2022	224,020	174,315	1.36	1.09
	<u>224,020</u>	<u>174,315</u>	<u>1.36</u>	<u>1.09</u>
Exercisable at 31 December 2022	121,653	-	0.94	-
	<u>121,653</u>	<u>-</u>	<u>0.94</u>	<u>-</u>

The options outstanding at 31 December 2022 had an exercise price of between \$1.10 and \$2.50, and a remaining contractual life of 8-10 years.

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Share-based payment transactions (Continued)

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

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

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

#### Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £105,253 (2021 - £-) which related to equity settled share based payment transactions.

### 9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

#### Emphasis of matter

The company's current liabilities exceeds its current assets by £17,086,549, out of which £16,875,761 is owed to other related parties controlled by the parent company.

We draw attention to note 1.2 in the financial statements, which indicates that the parent company of the company has confirmed in writing that it is willing to support the company through its development phase and repayment of the outstanding balances will be made to the parent company as long as it will not affect the current operation of the company.

The ultimate parent company was listed on the NY stock exchange through an IPO on the 28th October 2022 - generating significant resources to facilitate both its' and the wider groups' operations. Our opinion is not modified in respect of this matter.

Senior Statutory Auditor: Christopher Cairns BSc FCA  
Statutory Auditor: Alliot's LLP

### 10 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2022	2021
£	£
255,533	44,300

# SATIFY SPACE SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 11 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	22,738	22,680

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
<b>Amounts due to related parties</b>		
Entities under common control or significant influence	17,401,490	5,532,493

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
<b>Amounts due from related parties</b>		
Entities under common control or significant influence	525,729	623,751

### 12 Parent company

The parent company and ultimate controlling party of Satify Space Systems UK Limited is Satify Communications Limited. Satify Communications Limited prepares consolidated accounts, available from its registered office: 12 Hamada St., Rehovot 7670315, Israel.

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.