

REGISTERED NUMBER: 05914025 (England and Wales)

ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
COMMAGILITY LIMITED

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COMMAGILITY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMMAGILITY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:

M Kandell
T Whelan
J A Willis

REGISTERED OFFICE:

Charnwood Building
Holywell Park
Ashby Road
Loughborough
Leicestershire
LE11 3AQ

REGISTERED NUMBER:

05914025 (England and Wales)

AUDITORS:

Cooper Parry LLP
Chartered Accountants and Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derbyshire
DE74 2SA

COMMAGILITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

CommAgility develops the software which enables specialized LTE and 5G deployments, applications and private network solutions including the LTE physical layer and stack software, for 4G and emerging 5G mobile network and related applications. CommAgility also develops embedded signal processing hardware and radio frequency ("RF") modules which enable 4G, 5G and LTE mobile network solutions and related applications. Combining the latest digital signal processing ("DSP"), field programmable gate array ("FPGA") and radio frequency ("RF") technologies with advanced, industry-leading software, CommAgility provides compact, powerful and reliable products for integration into high performance test equipment, specialised radio and intelligence systems, satellite systems and research and development ("R&D") demonstrators.

CommAgility engineers work closely with customers to provide hardware and software solutions for the most demanding real-time signal processing, test and control challenges in wireless baseband, private and specialised networks, satellite and non-terrestrial ("NTN") communications, sonar, radar and electronic warfare applications.

Additionally, CommAgility licenses, implements and customises 5G and LTE physical layer and stack software for private LTE networks supporting satellite communications, the military and aerospace industries, offering our customers unique implementation capabilities built on LTE and 3rd Generation Partnership Project ("3GPP") standards.

We began 2021 with the continued expectation of significantly reduced demand from our formerly largest customer for our signal processing hardware cards, and with the backdrop of the continued Coronavirus global pandemic. Management worked closely with customers and suppliers to minimise the impact on the supply chain. Despite the challenge posed by the COVID-19 pandemic our research and development efforts continued throughout 2021 most notably our progression on our 5G roadmap and our collaboration with NXP Semiconductors, which resulted in our first commercial revenues from 5G products.

Our 2021 financial results saw an operating loss of £1,010,343 (2020: operating loss £2,742,227). The loss for the year after taxation amounted to £448,707 (2020: loss £1,911,923). These transformational period results, came after four strong consecutive years from 2016 to 2019 of both revenue and Adjusted EBITDA (being EBITDA plus exceptional items).

Despite the current challenges, we remained focused on our 5G hardware and software product development roadmap, lean operations and profitability and we are confident in our strategy and our people.

In January 2020, we announced a collaboration agreement with NXP Semiconductors in connection with the NXP Layerscape Access Programmable Baseband Processors for 5G New Radio Platforms. The collaboration enables the company to accelerate 5G hardware and software development and enhance the performance of its 5G platform, providing advantages to customers developing 5G solutions and reducing their time of development. The collaboration will help the company address needs for private and specialized network solutions.

We also made further meaningful progress in 2021 towards our vision and mission to solve the most demanding wireless challenges through agile innovation and execution excellence. We launched new 5G products, which resulted in our first commercial revenues from 5G products. We continued expanding and strengthened partner collaboration. We expect to continue to review and strengthen our range of products and continue our product development, and in particular our 5G products and software solutions, throughout the coming year. At the same time, we are focused and continue to work closely with our existing and potential customer base to ensure strong partnerships. These accomplishments are expected to expand our addressable markets, grow our customer base and lay the foundation for growth in the years ahead. Our focus remains on our customers' long-term investments in building and densifying next generation networks, 5G deployments, and increasing military and satellite spend.

COMMAGILITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

In October 2021, CommAgility joined the O-RAN Alliance, a global community that aims to develop and promote Open Radio Access Network ("RAN") products and solutions for mobile networks. With more than 300 members, the O-RAN Alliance is enabling the industry to take advantage of new open virtualized architectures, software and hardware. The membership gives CommAgility access to all O-RAN specifications, including those that are not yet approved or released to the public. The company will be able to perform interoperability testing and integration of its implementations at industry promoted events called plugfests with other alliance members and contributors.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategies are subject to a number of risks. The key ones continue as they have been for the last few years, are documented and explained further below, in addition other risks include competition, the loss of key members of staff and currency exchange rates.

During the year, the company entered into a bank loan secured by a mortgage debenture incorporating a fixed and floating charge over all of the assets of the company, which is subject to both compliance of a deed of priority and an intercreditor agreement with the company's existing banking facilities (entered into in February 2020). The company and its parent company, are also party to a cross guarantee in respect of the ultimate parent company's credit agreement. This is discussed further in note 17.

Our business is dependent on capital spending on data and communication networks by customers or end users of our products, and reductions in such capital spending could adversely affect our business.

Capital spending for constructing, rebuilding, maintaining or upgrading data and communication networks, can be volatile or hard to forecast. Capital spending in the communications industry is cyclical and can be curtailed or deferred on short notice. A variety of factors affect the amount of capital spending, and therefore, our revenues and profits, including:

- competing technologies;
- timing and adoption of global rollout of new technologies, including 4G/LTE/5G;
- customer specific financial or market conditions;
- governmental budget levels and regulation;
- demand for network services; and
- acceptance of new services offered by our customers.

Our customers or the end users of our products may not purchase new equipment at levels we have seen in the past or expect in the future. Accordingly, we may not be able to maintain or increase our revenue in the future, and our business, financial condition, results of operations and cash flows could be materially adversely affected.

We depend on the deployment of 4G LTE and 5G NR private networks and related services to grow our business, and our business may be harmed if our customers are unsuccessful in the deployment of 4G LTE and 5G NR private networks or if they deploy technologies that are not supported by our solutions.

We depend on the deployment of 4G LTE and 5G NR wireless private networks which are supported by our hardware, software licenses and services. Deployment of private networks in support of industrial internet of things ("IIOT") networks, satellite communications, transportation networks and air to ground networks requires significant capital expenditure by customers. If new deployments of 4G LTE or 5G NR private networks are delayed because of a lack of capital or other issues, or if we are unsuccessful in winning new projects for deployment of 4G LTE and 5G NR private networks, our financial results could be adversely affected.

COMMAGILITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES - CONTINUED

We depend on a limited number of customers for a significant portion of our revenues. The loss of, or a significant decrease in business from any of these customers could seriously harm our financial condition and results of operations.

We derive a significant portion of our revenues from a limited number of customers. The loss of, or a significant decrease in, business from one or more of our more significant customers could seriously harm our financial condition and results of operations. We expect to continue to depend upon some of these larger customers for a significant percentage of our revenues.

The risks are managed by the directors closely monitoring all activities within the company and they are involved on a day to day basis in the activities of the company, ensuring significant risks are considered in the company's strategic planning.

This includes a continual review and strengthening of our range of products and continued product development, and in particular our 5G products and software solutions expanding, alongside strengthened partner collaboration. At the same time we are focused and continue to work closely with our existing and potential customer base to ensure strong partnerships, as well as to widen our customer base to reduce the impact from decreases in business from any significant customers. The directors also review detailed monthly management accounts, and detailed profit and cash flow forecasts to enable them to regularly review the trading position of the company. The risk facing the group as a whole can be found in the consolidated financial statements of Wireless Telecom Group, Inc.

Shortages or delays of supplies for component parts could adversely affect our operating results until alternate sources can be developed.

Our operations are dependent on the ability of suppliers to deliver quality components, devices and subassemblies in time to meet critical manufacturing and distribution schedules. If we experience any constrained supply of component parts, such constraints, if persistent, could adversely affect operating results until alternate sourcing can be developed. We use semiconductor components in our business and are exposed to any shortages in the global markets. There could be an increased risk of supplier constraints in periods where we are increasing production volume to meet customer demands. Volatility in the prices of these component parts, an inability to secure enough components at reasonable prices to build new products in a timely manner in the quantities and configurations demanded or, conversely, a temporary oversupply of these parts, could adversely affect our future operating results.

During the year, the company started to experience the effect of a global semiconductor shortage, which has so far resulted in, increased lead times, delays in supplies and increased prices of components. Management are working to reduce both these extended lead times and the impact of these extended lead time, however there is a risk that such delays could impact annual operating results, as shipments are delayed out of one financial year into the following financial year. In addition customer orders could be affected by the increased lead times.

Coronavirus: the ongoing uncertainties caused by the COVID-19 pandemic could have an impact and could have significant adverse consequences.

Subsequent to the year end, the Coronavirus global pandemic continued. Coronavirus represents both a risk to the business and its people. The company has and continues to work closely with customers and suppliers to ensure the integrity of the supply chain and implemented new additional procedures to ensure its people remain safe and healthy, including partial working from home, social distancing measures and self-isolation where necessary and preventative actions to help protect the health and well-being of our employees, customers, partners and community. During the year a Coronavirus Business Interruption Loan was taken out, see note 17 for further details. At this stage the directors continue assessing what impact this may have on the company, but although there remains a high level of uncertainty about the extent and the timeframe of the virus on the global economy, the directors believe the company is well positioned to handle any downturn that may occur in the sector the company operates in.

COMMAGILITY LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

BREXIT

On 24 December 2020, the UK entered into a Trade and Cooperation Agreement with the EU which governs the conduct of trade between the two parties, following the end of the transition agreement that existed until 31 December 2020. Operationally there has been minimal disruption from the change and we continue to operate business as usual.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the nature of the business, the directors are of the opinion that the analysis using KPI's, other than turnover and profit referred to above and cashflow, are not necessary for an understanding of the development, performance and position of the company.

ON BEHALF OF THE BOARD:



.....
T Whelan - Director

Date: 4/20/22

COMMAGILITY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report unless otherwise indicated:

ES De Salis Young (resigned 11 March 2022)

M Kandell

T Whelan

J A Willis

RESULTS AND DIVIDENDS

The company loss after taxation for the financial year was £448,707 (2020: loss of £1,911,923). Dividends were declared in the year of £nil (2020: £nil).

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

CORONAVIRUS

At the date of signing these financial statements, the directors have considered the effect on the company of Coronavirus with the information available to it, and do not believe it will affect the company's ability to continue to trade for the foreseeable future. As with most businesses there may have been and may still be short term practical difficulties and delays (e.g. on sales and purchases) which we have addressed to date and are continually managing. However, there are positive signs from our customers, many who continue to operate near to normal, See note 2 for further details.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

COMMAGILITY LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
T Whelan - Director

Date: 9/20/22

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COMMAGILITY LIMITED**

Opinion

We have audited the financial statements of Commagility Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COMMAGILITY LIMITED**

Opinions 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COMMAGILITY LIMITED**

Auditors' responsibilities for the audit of the financial statements

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- reviewed board minutes throughout the year;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias, in particular the director's assessment of recognising turnover; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

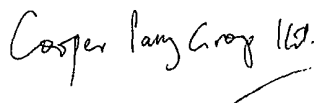
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COMMAGILITY LIMITED**

Because of the inherent limitations of an audit, there is a risk that we will not detect any irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Steven Ellis (Senior Statutory Auditor)
for and on behalf of Cooper Parry LLP
Chartered Accountants and Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derbyshire
DE74 2SA

23 September 2022
Date:

COMMAGILITY LIMITED

STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|---|-------|-------------------------|-------------------------|
| TURNOVER | 4 | 6,381,630 | 2,723,634 |
| Cost of sales | | <u>(2,188,053)</u> | <u>(829,397)</u> |
| GROSS PROFIT | | 4,193,577 | 1,894,237 |
| Administrative expenses | | <u>(5,225,605)</u> | <u>(4,768,712)</u> |
| | | <u>(1,032,028)</u> | <u>(2,874,475)</u> |
| Other operating income | | <u>21,685</u> | <u>132,248</u> |
| OPERATING LOSS | 7 | <u>(1,010,343)</u> | <u>(2,742,227)</u> |
| Interest receivable and similar income | | <u>-</u> | <u>14,458</u> |
| LOSS BEFORE TAXATION | | <u>(1,010,343)</u> | <u>(2,727,769)</u> |
| Tax on loss | 8 | <u>561,636</u> | <u>815,846</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u>(448,707)</u> | <u>(1,911,923)</u> |
| Retained earnings at beginning of year | | <u>5,599,970</u> | <u>7,511,891</u> |
| RETAINED EARNINGS AT END OF YEAR | | <u><u>5,151,263</u></u> | <u><u>5,599,968</u></u> |

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 14 to 26 form part of these financial statements

COMMAGILITY LIMITED (REGISTERED NUMBER: 05914025)

BALANCE SHEET
31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | - | - |
| Tangible assets | 10 | 432,867 | 465,429 |
| | | <u>432,867</u> | <u>465,429</u> |
| CURRENT ASSETS | | | |
| Stocks | 11 | 481,256 | 494,826 |
| Debtors | 12 | 4,879,776 | 5,128,682 |
| Cash at bank | | 2,253,174 | 1,581,914 |
| | | <u>7,614,206</u> | <u>7,205,422</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | (2,600,769) | (2,004,653) |
| NET CURRENT ASSETS | | | |
| | | <u>5,013,437</u> | <u>5,200,769</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 5,446,304 | 5,666,198 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 14 | (218,750) | - |
| PROVISIONS FOR LIABILITIES | | | |
| | 15 | (76,279) | (66,218) |
| NET ASSETS | | | |
| | | <u>5,151,275</u> | <u>5,599,980</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 12 | 12 |
| Retained earnings | | 5,151,263 | 5,599,968 |
| SHAREHOLDERS' FUNDS | | | |
| | | <u>5,151,275</u> | <u>5,599,980</u> |

The financial statements were approved by the Board of Directors and authorised for issue on

9/30/22 and were signed on its behalf by:



.....
T Whelan - Director

The notes on pages 14 to 26 form part of these financial statements

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUTORY INFORMATION

Commagility Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been consistently applied throughout the year:

Turnover

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

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Turnover (continued)

The company derives revenue from hardware sales, software licences, bespoke software work, consultancy and implementation services, support, training and software maintenance contracts and royalties:

- Software licences - Are generally developed in units/modules and are recognised when delivered to the customer, or if earlier, when the acceptance criteria has been met;
- Hardware sales - Are recorded upon dispatch as this is when the company transfers the significant risks and rewards to the customer;
- Consultancy and implementation services, support, training, bespoke software work - Revenue is recognised as services are performed;
- Software maintenance contracts - Revenue is recognised over the contract period;
- Royalties - Revenue is recognised when the royalty generating event occurs, for example when the product is used in production or is sold by the customer as part of one of their products.

Intangible assets

Patents are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives of 3 years.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Statement of Income and Retained Earnings over its estimated economic life of 3 years. A full year's amortisation is charged in the year of acquisition and none in the year of disposal.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|-----------------------|--|
| Plant and machinery | Straight line over 5 years |
| Fixtures and fittings | Straight line over 5 years |
| Office equipment | Straight line over 5 years |
| Other fixed assets | Straight line over 3 to 5 years |
| Office refurbishment | Straight line over 7 years or remainder of the lease |

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Government grants

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and loans with related parties.

All financial assets and liabilities are initially measured at transaction price or are subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference of an assets carrying amount and the best estimate that the company would receive for the asset if it were sold at the balance sheet date.

Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Research and development

Expenditure on research and development is charged to the Statement of Income and Retained Earnings in the year in which it is incurred.

Foreign currency translation

Foreign currency transactions are translated into the functional currency at the dates of the transactions using the previous month end spot exchange rate.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Pensions

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Disclosure exemptions

As permitted by FRS 102 section 1.12 the company has taken advantage of the disclosure exemptions available under the standard in relation to the presentation of a cash flow statement and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Wireless Telecom Group Inc, which are available to the public and can be obtained as set out in note 20.

Coronavirus and going concern

At the time of signing these financial statements, the directors have considered the effect of the Coronavirus pandemic on the going concern position with the information available to them and are satisfied that the company will continue to trade for a period of at least 12 months from the date of signing these accounts. The directors have revised their financial forecasts and they show that the company has adequate cash and financing available to it during the foreseeable future. On that basis, the directors have prepared these financial statements on a going concern basis.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of fixed assets

The directors assess the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Carrying value of stock

The directors review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stock. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade and other debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Statement of Income and Retained Earnings.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Leases

The directors determines whether leases entered into are an operating or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset or liability to be recognised in the balance sheet.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

The director's estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future planning strategies.

4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 2021 | 2020 |
|-------------------|----------------|----------------|
| United Kingdom | 52.33% | 39.08% |
| Europe | 1.76% | 17.21% |
| Rest of the world | 45.91% | 43.71% |
| | <u>100.00%</u> | <u>100.00%</u> |

5. EMPLOYEES AND DIRECTORS

| | 2021 | 2020 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,925,121 | 2,696,369 |
| Social security costs | 466,889 | 436,914 |
| Other pension costs | 80,689 | 80,481 |
| | <u>3,472,699</u> | <u>3,213,764</u> |

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

| | 2021 | 2020 |
|----------------------------|-----------|-----------|
| Production and warehousing | 2 | 2 |
| Engineering | 38 | 34 |
| Office and management | 6 | 6 |
| | <u>46</u> | <u>42</u> |

6. DIRECTORS' EMOLUMENTS

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Directors' remuneration | 362,486 | 346,697 |
| Directors' pension contributions to defined contribution pension | 25,709 | 24,720 |
| | <u>388,195</u> | <u>371,417</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|-------------------------------|----------|----------|
| Defined contribution pensions | <u>1</u> | <u>1</u> |
|-------------------------------|----------|----------|

The highest paid director received remuneration of £186,877 (2020: £182,732).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £nil).

7. OPERATING LOSS

The operating loss is stated after charging/(crediting):

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Depreciation - owned tangible fixed assets | 177,055 | 150,453 |
| Loss/(profit) on disposal of fixed assets | 97 | (37,496) |
| Auditors' remuneration | 10,500 | 9,500 |
| Auditors' remuneration for non audit work | 26,023 | 19,750 |
| Foreign exchange (gain) | (17,972) | (61,179) |
| Hire of equipment | 6,500 | - |
| Operating lease charges - land and buildings | 125,593 | 141,057 |
| Pension costs | 80,689 | 80,481 |
| | <u>388,195</u> | <u>371,417</u> |

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

| | 2021 £ | 2020 £ |
|--------------------|------------------|------------------|
| Current tax: | | |
| UK corporation tax | (627,143) | (858,635) |
| Foreign tax | 55,446 | 48,722 |
| Deferred tax | 10,061 | (5,933) |
| | <u>(561,636)</u> | <u>(815,846)</u> |
| Tax on loss | <u>(561,636)</u> | <u>(815,846)</u> |

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2021 £ | 2020 £ |
|---|--------------------|--------------------|
| Loss before tax | <u>(1,010,343)</u> | <u>(2,727,769)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | (191,965) | (518,276) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 186 | 143 |
| Income not taxable for tax purposes | (1,899) | (796) |
| Capital allowances in excess of depreciation | (5,894) | - |
| Depreciation in excess of capital allowances | - | 512 |
| Adjustments to tax charge in respect of previous periods | (50,240) | (34,469) |
| Foreign tax credits | 56,051 | 51,689 |
| Adjustments to foreign tax in respect of previous periods | (606) | - |
| Additional deduction for R&D expenditure | (505,477) | (612,599) |
| Surrender of tax losses for R&D tax credit refund | 165,051 | 256,696 |
| R&D expenditure credits payable | (45,072) | - |
| R&D expenditure adjustments | 10,573 | - |
| Deferred tax not recognised | 7,273 | 42,515 |
| Deferred tax movement | 10,061 | (5,933) |
| Adjustments for average rates of tax | 972 | 14,493 |
| Other permanent differences | (10,650) | (9,821) |
| | <u>(561,636)</u> | <u>(815,846)</u> |
| Total tax credit | <u>(561,636)</u> | <u>(815,846)</u> |

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 December 2021 is 25% and deferred tax has been re-measured at this rate.

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|---|------------------|
| COST | |
| At 1 January 2021 and 31 December 2021 | <u>1,238,880</u> |
| AMORTISATION | |
| At 1 January 2021 and 31 December 2021 | <u>1,238,880</u> |
| NET BOOK VALUE | |
| At 31 December 2021 | <u>-</u> |
| At 31 December 2020 | <u>-</u> |

10. TANGIBLE FIXED ASSETS

| | Office refurbishment £ | Plant and machinery £ | Fixtures and fittings £ | Office Equipment £ | Other fixed assets £ | Totals £ |
|------------------------|------------------------------|-----------------------------|----------------------------------|--------------------------|-------------------------------|------------------|
| COST | | | | | | |
| At 1 January 2021 | 53,842 | 134,143 | 18,179 | 258,845 | 808,119 | 1,273,128 |
| Additions | - | - | 1,061 | 36,644 | 108,141 | 145,846 |
| Disposals | - | - | - | (2,300) | - | (2,300) |
| At 31 December 2021 | <u>53,842</u> | <u>134,143</u> | <u>19,240</u> | <u>293,189</u> | <u>916,260</u> | <u>1,416,674</u> |
| DEPRECIATION | | | | | | |
| At 1 January 2021 | 53,842 | 108,740 | 15,355 | 209,097 | 420,665 | 807,699 |
| Charge for year | - | 1,454 | 1,237 | 33,821 | 140,543 | 177,055 |
| Eliminated on disposal | - | - | - | (947) | - | (947) |
| At 31 December 2021 | <u>53,842</u> | <u>110,194</u> | <u>16,592</u> | <u>241,971</u> | <u>561,208</u> | <u>983,807</u> |
| NET BOOK VALUE | | | | | | |
| At 31 December 2021 | <u>-</u> | <u>23,949</u> | <u>2,648</u> | <u>51,218</u> | <u>355,052</u> | <u>432,867</u> |
| At 31 December 2020 | <u>-</u> | <u>25,403</u> | <u>2,824</u> | <u>49,748</u> | <u>387,454</u> | <u>465,429</u> |

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

| | | |
|--|------------------|------------------|
| 11. STOCKS | 2021 | 2020 |
| | £ | £ |
| Raw materials | 391,311 | 383,981 |
| Work-in-progress | 37,770 | 20,761 |
| Finished goods | 52,175 | 90,084 |
| | <u>481,256</u> | <u>494,826</u> |
| Stock recognised in cost of sales during the year as an expense was £2,137,189 (2020: £779,402). | | |
| 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2021 | 2020 |
| | £ | £ |
| Trade debtors | 269,544 | 443,001 |
| Amounts owed by group undertakings | 3,641,894 | 3,555,260 |
| Other debtors | 968,338 | 1,130,421 |
| | <u>4,879,776</u> | <u>5,128,682</u> |
| 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2021 | 2020 |
| | £ | £ |
| Bank loans and overdrafts (see note 17) | 31,250 | - |
| Trade creditors | 621,145 | 304,832 |
| Amounts owed to group undertakings | 1,032,611 | 493,302 |
| Taxation and social security | 189,990 | 207,907 |
| Other creditors | 725,773 | 998,612 |
| | <u>2,600,769</u> | <u>2,004,653</u> |
| 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 2021 | 2020 |
| | £ | £ |
| Bank loans (see note 17) | 218,750 | - |
| | <u>218,750</u> | <u>-</u> |
| 15. PROVISIONS FOR LIABILITIES | 2021 | 2020 |
| | £ | £ |
| Deferred tax | | |
| Accelerated capital allowances | 76,279 | 66,218 |
| | <u>76,279</u> | <u>66,218</u> |

COMMAGILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

15. PROVISIONS FOR LIABILITIES - continued

| | Deferred tax £ |
|---|----------------------|
| Balance at 1 January 2021 | 66,218 |
| Charge to Statement of Income and Retained Earnings during year | 10,061 |
| | <hr/> |
| Balance at 31 December 2021 | 76,279 |
| | <hr/> <hr/> |

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2021 £ | 2020 £ |
|---------|------------------|-------------------|-------------|-------------|
| 4 | Ordinary Shares | £1 | 4 | 4 |
| 1 | Ordinary A Share | £1 | 1 | 1 |
| 1 | Ordinary B Share | £1 | 1 | 1 |
| 1 | Ordinary C Share | £1 | 1 | 1 |
| 1 | Ordinary D Share | £1 | 1 | 1 |
| 1 | Ordinary E Share | £1 | 1 | 1 |
| 1 | Ordinary F Share | £1 | 1 | 1 |
| 1 | Ordinary G Share | £1 | 1 | 1 |
| 1 | Ordinary H Share | £1 | 1 | 1 |
| | | | <hr/> | <hr/> |
| | | | 12 | 12 |
| | | | <hr/> <hr/> | <hr/> <hr/> |

17. BANK LOANS, CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

In February 2020, the company entered into a banking facility secured by a mortgage debenture incorporating a fixed and floating charge over all of the assets of the company. In addition, the company became borrowers under and entered into a cross guarantee under its ultimate parent company's (Wireless Telecom Group Inc, a company registered on the New York Stock Exchange in the United States of America) Credit Facility in respect of the banking facilities made available to Wireless Telecom Group, Inc and certain of its subsidiaries, which is also subject to compliance of an intercreditor agreement. On March 1, 2022 the ultimate parent company repaid, satisfied and terminated its credit facility and intercreditor agreement for the group and hence the company and as a result the related company debentures were satisfied in full.

On May 27, 2021, the company entered into a Coronavirus Business Interruption Loan Agreement ("CBILS Loan") with Lloyds Bank PLC ("Lloyds"). Under the terms of the CBILS Loan, the company can draw up to a maximum of £250,000 for purposes of supporting daily business cash flow. The CBILS Loan is repayable in 48 consecutive equal monthly installments beginning in month 13 after the initial loan drawdown (12 month principal repayment holiday). Interest is payable monthly at the official bank rate of the Bank of England plus an interest margin of 2.35% per annum. Interest payments are due monthly beginning in month 13 after the initial loan drawdown. The first twelve months of interest payments are paid by the U.K. government. The CBILS Loan is secured by a mortgage debenture incorporating a fixed and floating charge over all of the assets of the company subject to compliance of a Deed of Priority/Intercreditor Agreement between the ultimate parent company's existing banking facilities (entered into in February 2020) with Muzinich and Bank of America. The CBILS Loan ranks subordinate to both the Muzinich Term Loan and Bank of America Credit Facility.

COMMAGILITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. BANK LOANS, CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS - continued

On July 1, 2021 CommAgility executed a draw down of the maximum amount of £250,000. As of December 31, 2021, £31,250 is included in short term debt and £218,750 is included in long term debt on the Balance Sheet. On May 30, 2022 the company repaid this CBILS loan in full and the agreement was satisfied and terminated and as a result the company's debenture was satisfied in full.

There are no post balance sheet events to report.

18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £80,689 (2020: £80,481). There were no (2020: £Nil) contributions payable to the fund at the balance sheet date.

19. RELATED PARTY DISCLOSURES

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of FRS 102 section 33.1A exemption from disclosing transactions with group undertakings.

20. ULTIMATE CONTROLLING PARTY

The company is wholly owned by Wireless Telecommunication Group Limited, a company registered in England and Wales. Wireless Telecom Group Inc, a company registered on the New York Stock Exchange in the United States of America (exchange listing symbol: WTT), is the ultimate parent company.