

Company registration number 11147523 (England and Wales)

MDA DIGITAL COMMUNICATIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
PAGES FOR FILING WITH REGISTRAR

MDA DIGITAL COMMUNICATIONS LIMITED

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MDA DIGITAL COMMUNICATIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		117,940		87,490
Current assets					
Debtors	5	3,033,844		12,445,704	
Cash at bank and in hand		115,047		2,241,984	
		<u>3,148,891</u>		<u>14,687,688</u>	
Creditors: amounts falling due within one year	6	<u>(31,588,728)</u>		<u>(31,774,237)</u>	
Net current liabilities			<u>(28,439,837)</u>		<u>(17,086,549)</u>
Net liabilities			<u>(28,321,897)</u>		<u>(16,999,059)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			<u>(28,321,997)</u>		<u>(16,999,159)</u>
Total equity			<u>(28,321,897)</u>		<u>(16,999,059)</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 23 September 2024 and are signed on its behalf by:

A Bernie
Director

Company registration number 11147523 (England and Wales)

MDA DIGITAL COMMUNICATIONS LIMITED

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

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2022		100	(10,669,274)	(10,669,174)
Year ended 31 December 2022:				
Loss and total comprehensive income		-	(6,435,138)	(6,435,138)
Credit to equity for equity settled share-based payments	7	-	105,253	105,253
Balance at 31 December 2022		100	(16,999,159)	(16,999,059)
Year ended 31 December 2023:				
Loss and total comprehensive income		-	(11,408,946)	(11,408,946)
Credit to equity for equity settled share-based payments	7	-	86,108	86,108
Balance at 31 December 2023		100	(28,321,997)	(28,321,897)

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

MDA Digital Communications Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bepo Building, Harwell Campus, Didcot, Oxfordshire, OX11 0GD.

Since the previous accounting period, the company changed its name from Satixfy Space Systems UK Limited to MDA Digital Communications Limited.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of MDA Ltd. These consolidated financial statements are available from its registered office, 11017VV, Toronto, M1E 1N0, Canada.

1.2 Going concern

As referenced in note 9, the company's trade and assets were transferred to the immediate parent company on 1 June 2024. At the time of reporting the company holds a positive balance sheet and the Directors consider that it is fully capable of meeting all of its obligations over the next financial reporting period. Management is assessing the options for the company going forward.

Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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
Plant and equipment	5 years
Computers	3 years

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.

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.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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.

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.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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.

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'.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Employees

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

	2023 Number	2022 Number
Total	30	34

4 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Computers £	Total £
Cost				
At 1 January 2023	97,211	-	-	97,211
Additions	-	43,551	9,700	53,251
At 31 December 2023	97,211	43,551	9,700	150,462
Depreciation and impairment				
At 1 January 2023	9,721	-	-	9,721
Depreciation charged in the year	19,442	-	3,359	22,801
At 31 December 2023	29,163	-	3,359	32,522
Carrying amount				
At 31 December 2023	68,048	43,551	6,341	117,940
At 31 December 2022	87,490	-	-	87,490

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	-	1,074,992
RDEC receivable	1,154,045	1,951,468
Amounts owed by group undertakings	27,960	635,648
Other debtors	1,783,697	8,715,454
	<u>2,965,702</u>	<u>12,377,562</u>
Amounts falling due after more than one year:		
Other debtors	68,142	68,142
	<u>68,142</u>	<u>68,142</u>
Total debtors	<u>3,033,844</u>	<u>12,445,704</u>

6 Creditors: amounts falling due within one year	2023	2022
	£	£
Trade creditors	62,974	326,133
Amounts owed to group	30,158,935	17,511,409
Taxation and social security	54,438	129,009
Other creditors	1,312,381	13,807,686
	<u>31,588,728</u>	<u>31,774,237</u>

7 Share-based payment transactions

The company participated in an approved EMI share option scheme operated by its previous immediate parent company (Satify Communications Limited). Under this scheme share options were granted over the parent's 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 in October 2022 as a result of the public listing of Satify Communications Ltd 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.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Share-based payment transactions (Continued)

	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 January 2023	224,020	174,315	1.36	1.09
Granted	-	103,916	-	2.00
Forfeited	(213,433)	(35,349)	1.61	0.93
Exercised	-	(18,862)	-	2.00
Transfer out	(10,587)	-	1.49	-
Outstanding at 31 December 2023	-	224,020	-	1.36
Exercisable at 31 December 2023	-	121,653	-	0.94

During the year the Company was transferred outside of the group. Prior to this a number of employees transferred employment to other companies within the group and consequently 10,587 options were transferred out. At 31 October 2023 all remaining unvested options were accelerated and became exercisable. All options which were not subsequently exercised then lapsed 90 days after the date at which the Company ceased to be a group member.

There are no remaining options outstanding under the above scheme.

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.

Group share-based payments

In 2023 the Company granted Restricted Stock Units ("RSUs") to eligible employees in the ultimate parent company MDA Space Ltd. The RSUs vest over 1 to 3 years in annual instalments from the grant date. Vesting is conditional on continuous employment from the grant date to the vesting date.

The company has applied the exemption as a qualifying entity under FRS 102 1.12 reduced disclosures and has chosen not to present a detailed disclosure note in this regard.

8 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.

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Audit report information (Continued)

Emphasis of matter

We draw attention to note 9 in the financial statements, which indicates that the company has disposed of its trade and assets after the year end. Following this disposal the company has a positive net assets position.

Our opinion is not modified in respect of this matter.

Senior Statutory Auditor:	Christopher Cairns BSc FCA
Statutory Auditor:	Alliotts LLP
Date of audit report:	24 September 2024

9 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:

	2023	2022
	£	£
	141,963	255,533
	<u>141,963</u>	<u>255,533</u>

10 Events after the reporting date

The MDA Digital Communications Ltd ('MDC') digital communications business was transferred and combined with the concurrent communications activity in MDA Space and Robotics Limited (MDC's immediate parent company) on June 1, 2024. MDC continues to hold active bank accounts and maintains all regulatory accounts associated with the entity. At the time of reporting management is assessing the options for the MDC trading entity. At the time of reporting the entity holds a positive balance sheet and is fully capable of meeting all of its obligations over the next financial reporting period.

11 Related party transactions

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due to related parties		
Entities under common control or significant influence	30,158,934	17,401,490
	<u>30,158,934</u>	<u>17,401,490</u>

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due from related parties		
Entities under common control or significant influence	27,960	525,729
	<u>27,960</u>	<u>525,729</u>

MDA DIGITAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Parent company

Until October 31st 2023, the parent company and ultimate controlling party was Satixfy Communications Limited, with registered office 12 Hamada St, Rehovot 7670315, Israel.

On 1st November 2023 the entire share capital of the Company was acquired by MDA Space and Robotics Limited, which is the immediate parent company as at 31 December 2023.

The parent company and ultimate controlling party of MDA Digital Communications Limited is MDA Ltd. MDA Ltd prepares consolidated accounts, available from its registered office: 11017VV, Toronto, M1E 1N0, Canada.

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.