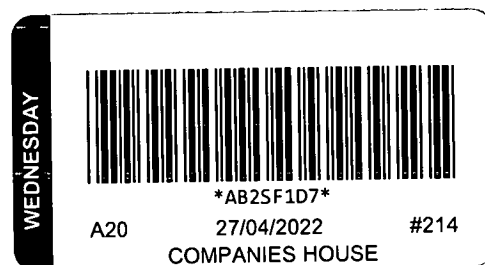


Registration number: 09858715

# Disperse.io Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 30 November 2020



## **Disperse.io Ltd**

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**Disperse.io Ltd**

**Company Information**

**Directors**

F Neufeld

J B Oleson

M D Kotting

**Registered office**

64 Great Eastern Street  
London  
EC2A 3QR

**Auditors**

Blick Rothenberg Audit LLP  
Chartered Accountants & Statutory Auditor  
16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

## **Disperse.io Ltd**

### **Strategic Report for the Year Ended 30 November 2020**

The directors present their strategic report for the year ended on 30 November 2020.

#### **Review of the business, development and performance**

The principal activity of the company during the year continued to be that of providing artificial intelligence and software services for construction projects.

Trading results for the year ending reflect modest growth in the presence of difficult market conditions. Group turnover in the year increased from £977,183 to £1,036,677 resulting in a total operating loss of £4,395,920 for the year. The overall balance sheet of the company in the year ended 30 November 2020 remained healthy with total net assets of £5,346,787. The company improved its cash position by raising an additional £1,540,916 in equity for its Series A fundraise.

#### **Principal risks and uncertainties**

The company is exposed to the overall economic conditions of the industry and was significantly impacted by the pandemic where many of its customers temporarily closed their sites and increased their risk averseness.

To address this, Disperse.io Ltd focused on developing its product and additional services to help its customers through the challenges of the pandemic and expanded its target customer base across more verticals outside of its core residential fit-out market.

The industry was by-and-large hit hard by the pandemic, with productivity and output suffering significantly with government lockdowns and social distancing. The year closed on a more positive outlook, with residential investment remaining high due to increasing housing prices, and with the commercial sector benefiting from the government strategy of returning workers to the office, and the increasing demand of sustainable office space.

The uncertainties of Brexit did not have a direct impact on the business with none of the company's supply chains significantly impacted nor there having been significant hiring challenges. The impact of Brexit remained mostly indirect, reflected from the increased uncertainty in British economy and investment.

The company occupies some risk in being distributed across several geographies and countries, an example being the 2020 Nagorno-Karabakh war which impacted the company's operations in Armenia. The company has significant expenses in foreign currencies and is exposed to exchange rate fluctuations. The risk is managed by holding significant cash assets across all its key currencies.

The company maintains moderate credit risk due to its capitalisation structure of funding growth investment through equity financing. To manage this, the business conducts active scenario planning and maintains tools to support various business outcomes – including actively interacting with the investment market for any future capital requirements.

## Disperse.io Ltd

### Strategic Report for the Year Ended 30 November 2020

#### Key performance indicators

The directors monitor revenue growth, cash balance and net profit/loss as key performance indicators of the company, with the year ending positively in these respects given the stage the company is at.

	2020	2019
	£	£
Revenue	1,036,677	977,183
Net loss	(4,911,123)	(1,466,352)
Cash	4,486,248	7,712,450

The directors are mindful of environmental issues and have sought to minimise the impact of the company's activities on the environment.

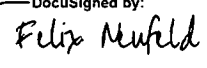
#### Post Balance Sheet Events

The company has since raised new equity financing in November 2021 to fund investment in building out its platform and services as the company seeks to grow and expand in its core markets, whilst securing liquidity.

A decision was also made at the end of 2020 to close our operations in Armenia to centralise our hiring within our core markets, with the deregistration completed as of April 2021.

26 April 2022

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:  
  
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F Neufeld  
Director

## Disperse.io Ltd

### Directors' Report for the Year Ended 30 November 2020

The directors present their report and the consolidated financial statements for the year ended 30 November 2020.

#### Results and dividends

The loss for the year, after taxation amounted to £4,395,920 (2019: £1,228,978).

The directors do not recommend a dividend.

#### Directors of the group

The directors who held office during since 1 December 2019 were as follows:

F Neufeld

R C F Buckley (resigned 24 November 2021)

M D Kotting

J B Oleson (appointed 24 November 2021)

#### Matters covered in the Strategic Report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008', in the strategic report.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

26 April 2022

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:

*Felix Neufeld*

.....  
9FC2CB74F88F4D8...

F Neufeld

Director

## **Disperse.io Ltd**

### **Statement of Directors' Responsibilities for the year ended 30 November 2020**

The directors acknowledge their responsibilities for preparing the Annual Report 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

## **Disperse.io Ltd**

### **Independent Auditor's Report to the Members of Disperse.io Ltd for the year ended 30 November 2020**

#### **Opinion**

We have audited the financial statements of Disperse.io Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 group's and the parent company's affairs as at 30 November 2020 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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.

## **Disperse.io Ltd**

### **Independent Auditor's Report to the Members of Disperse.io Ltd for the year ended 30 November 2020**

#### **Other matter**

The corresponding figures for the year ended 30 November 2019 and the financial position of the group and company as at 30 November 2019 are unaudited.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities as set out on page 7, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Disperse.io Ltd**

**Independent Auditor's Report to the Members of Disperse.io Ltd for the year ended 30 November 2020**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

*Blick Rothenberg Audit LLP*

.....  
Marc Levy FCA  
(Senior Statutory Auditor)  
For and on behalf of Blick Rothenberg Audit LLP

Chartered Accountants  
Statutory Auditor

16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

Date: *26 April 2022*

## Disperse.io Ltd

### Consolidated Profit and Loss Account for the Year Ended 30 November 2020

	Note	2020 £	2019 £
Turnover	3	1,036,677	977,183
Gross profit		1,036,677	977,183
Administrative expenses		(5,959,054)	(2,455,623)
Other operating income	4	11,238	12,000
Operating loss	5	(4,911,139)	(1,466,440)
Net interest receivable	6	16	88
		16	88
Loss before tax		(4,911,123)	(1,466,352)
Tax on loss	9	515,203	238,173
Loss for the financial year		(4,395,920)	(1,228,179)

All amounts relate entirely to continuing operations.

**Disperse.io Ltd****Consolidated Statement of Other Comprehensive Income for the Year Ended 30  
November 2020**

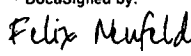
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loss for the year	(4,395,920)	(1,228,179)
Foreign exchange translation differences	<u>24,288</u>	<u>(54,090)</u>
Total comprehensive income for the year	<u>(4,371,632)</u>	<u>(1,282,269)</u>

**Disperse.io Ltd**  
**(Registration number: 09858715)**  
**Consolidated Balance Sheet as at 30 November 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	192,497	107,352
<b>Current assets</b>			
Debtors	12	1,208,135	500,906
Cash at bank and in hand	13	4,486,248	7,712,450
		<u>5,694,383</u>	<u>8,213,356</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(540,093)</u>	<u>(192,557)</u>
<b>Net current assets</b>		<u>5,154,290</u>	<u>8,020,799</u>
<b>Net assets</b>		<u>5,346,787</u>	<u>8,128,151</u>
<b>Capital and reserves</b>			
Called up share capital	19	28,578	27,145
Share premium reserve		11,776,587	10,237,105
Share option reserve		49,353	-
Profit and loss account		<u>(6,507,731)</u>	<u>(2,136,099)</u>
<b>Total equity</b>		<u>5,346,787</u>	<u>8,128,151</u>

26 April 2022

Approved and authorised by the Board on ..... and signed on its behalf by:

DocuSigned by:  
  
 .....9FC2CB74F88F4D8.....  
 F Neufeld  
 Director

## Disperse.io Ltd

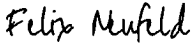
### (Registration number: 09858715) Company Balance Sheet as at 30 November 2020

	Note	2020 £	2019 (As restated) £
<b>Fixed assets</b>			
Tangible assets	10	141,014	98,054
Investments	11	482	482
		<u>141,496</u>	<u>98,536</u>
<b>Current assets</b>			
Debtors	12	2,213,473	4,261,181
Cash at bank and in hand	13	3,468,379	4,028,982
		5,681,852	8,290,163
<b>Creditors: Amounts falling due within one year</b>	14	<u>(465,042)</u>	<u>(170,574)</u>
<b>Net current assets</b>		<u>5,216,810</u>	<u>8,119,589</u>
<b>Net assets</b>		<u>5,358,306</u>	<u>8,218,124</u>
<b>Capital and reserves</b>			
Called up share capital	19	28,578	27,145
Share premium reserve		11,776,587	10,237,104
Share option reserve		49,353	-
Profit and loss account		<u>(6,496,212)</u>	<u>(2,046,125)</u>
<b>Total Equity</b>		<u>5,358,306</u>	<u>8,218,124</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company of the year was £4,450,087 (2019: loss of £1,215,145).

26 April 2022

Approved and authorised by the Board on ..... and signed on its behalf by:

DocuSigned by:  
  
 .....9FC2CB74F88F4D8.....  
 F Neufeld  
 Director

**Disperse.io Ltd**

**Consolidated Statement of Changes in Equity for the Year Ended 30 November 2020**

	Share capital £	Share premium £	Share option reserve £	Profit and loss account £	Total £
At 1 December 2019	27,145	10,237,105	-	(2,136,099)	8,128,150
Loss for the year	-	-	-	(4,395,920)	(4,395,920)
Foreign exchange on consolidation	-	-	-	24,288	24,288
Total comprehensive income	-	-	-	(4,371,632)	(4,371,632)
New share capital subscribed	1,433	1,539,483	-	-	1,540,916
Share option expense	-	-	49,353	-	49,353
At 30 November 2020	28,578	11,776,588	49,353	(6,507,731)	5,346,787

	Share capital £	Share premium £	Share option reserve £	Profit and loss account £	Total £
At 1 December 2018	19,282	1,309,454	-	(853,830)	474,906
Loss for the year	-	-	-	(1,228,179)	(1,228,179)
Foreign exchange on consolidation	-	-	-	(54,090)	(54,090)
Total comprehensive income	-	-	-	(1,282,269)	(1,282,269)
New share capital subscribed	7,863	8,927,650	-	-	8,935,513
At 30 November 2019	27,145	10,237,104	-	(2,136,099)	8,128,150

**Disperse.io Ltd**

**Company Statement of Changes in Equity for the Year Ended 30 November 2020**

	Share capital £	Share premium £	Share option reserve £	Profit and loss account £	Total £
At 1 December 2019 as originally stated	27,145	10,237,104	-	(1,886,727)	8,377,522
Prior year adjustment (see note 23)	-	-	-	(159,398)	(159,398)
At 1 December 2019 as restated	27,145	10,237,104	-	(2,046,125)	8,218,124
Loss for the year	-	-	-	(4,450,087)	(4,450,087)
New share capital subscribed	1,433	1,539,483	-	-	1,540,916
Share option expense	-	-	49,353	-	49,353
At 30 November 2020	28,578	11,776,587	49,353	(6,496,212)	5,358,306

	Share capital £	Share premium £	Share option reserve £	Profit and loss account £	Total £
At 1 December 2018 as originally stated	19,282	1,309,454	-	(877,236)	451,500
Prior year adjustment (see note 23)	-	-	-	46,256	46,256
At 1 December 2019 as restated	19,282	1,309,454	-	(830,980)	497,756
Loss for the year	-	-	-	(1,215,145)	(1,215,145)
New share capital subscribed	7,863	8,927,650	-	-	8,935,513
At 30 November 2019	27,145	10,237,104	-	(2,046,125)	8,218,124

## Disperse.io Ltd

## Consolidated Statement of Cash Flows for the Year Ended 30 November 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(4,395,920)	(1,228,179)
Depreciation of tangible assets	56,852	20,911
Share options granted	49,353	-
Profit on disposal of tangible assets	(5,142)	(1,958)
Interest received	(15)	-
Taxation charge / (credit)	(515,203)	(238,173)
(Increase) in debtors	(192,026)	(150,342)
Increase in creditors	347,536	45,505
<b>Net cash flows from operating activities</b>	<b>(4,654,565)</b>	<b>(1,552,235)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(135,557)	(112,586)
Interest received	15	-
<b>Net cash flows from investing activities</b>	<b>(135,542)</b>	<b>(112,586)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	1,540,916	8,935,513
<b>Net cash flows from financing activities</b>	<b>1,540,916</b>	<b>8,935,513</b>
Net decrease in cash and cash equivalents	(3,249,191)	7,270,692
Foreign Exchange gains and losses on cash and cash equivalents	22,989	62,716
Cash and cash equivalents at 1 December	7,712,450	379,042
Cash and cash equivalents at 30 November	4,486,248	7,712,450

## **Disperse.io Ltd**

### **Notes to the Financial Statements for the Year Ended 30 November 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The nature of the Group's operations and its principal activities are set out in the strategic report.

The address of its registered office is 64 Great Eastern Street London, EC2A 3QR.

The financial statements are presented in Sterling (£) which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

The consolidated financial statements of Diperse.io Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 management to exercise judgement in applying the company's accounting policies as described below.

##### **Basis of preparation and prior year adjustment**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company has restated its comparative figures for the year ended 30 November 2019. An explanation of the adjustments, together with the financial impact is set out in Note 23.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 November 2020. A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

## **Disperse.io Ltd**

### **Notes to the Financial Statements for the Year Ended 30 November 2020**

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis. In accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. In considering the going concern assumption, the directors have considered the cash flow requirements of the Group. The Group has significant cash balances available. The directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. For progress tracking and scanning services to the construction sector, revenue is recognised across the length of the contract on a costs to complete basis.

#### **Government grants**

Government grants in relation to expenditure are credited when the expenditure is charged to profit and loss.

The company was in receipt of Coronavirus Job Retention Scheme payments during the year. This grant is of a revenue nature and is recognised in the profit and loss account in other operating income in the same period as the related expenditure.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	33% straight line

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Research and development**

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### **Financial instruments**

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

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. The Company's policies for its major classes of financial assets and financial liabilities are set out below.

#### *Financial assets*

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

#### *Financial liabilities*

Basic financial liabilities, including trade and other creditors 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

#### *Impairment of financial assets*

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### *Derecognition of financial assets and financial liabilities*

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting of financial assets and financial liabilities*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

#### **Key accounting estimates and assumptions**

In preparing these financial statements, the directors have had to make the following key judgements and estimates:

#### *Research and development tax claim receivable*

The company undertakes qualifying activities which allow it to claim a R&D tax rebate in respect of qualifying activities during the year. The directors are required to exercise judgement in determining the nature of expenditure and whether it meets the required criteria to make the claim. Actual amounts received may differ from those recognised in the financial statements.

#### *Share based payments*

The company provides its employees with the opportunity to participate in an employee share scheme whereby employees receive options which vest over a continued period of service. These options may be exercisable at a price different to the market value of the shares and thus, have an intrinsic value. The directors exercise judgement in determining the fair value of these options using the Black Scholes model, a widely used financial model used for valuing such instruments. In using this model, the directors exercise judgement in determining the share price at grant date, volatility of share price, expected retention rate and risk-free rate which ultimately impacts the value of the options recognised in the profit and loss account.

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
UK operations	993,849	977,183
US operations	42,828	-
<b>Total sales</b>	<b><u>1,036,677</u></b>	<b><u>977,183</u></b>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020	2019
	£	£
Miscellaneous other operating income	<u>11,238</u>	<u>12,000</u>

#### 5 Operating loss

The operating loss is arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation of tangible fixed assets	56,852	20,911
Profit on disposal of tangible assets	(5,142)	-
Audit fees payable to the company's auditor	<u>30,000</u>	<u>-</u>

#### 6 Interest payable and similar expenses

	2020	2019
	£	£
Foreign exchange (gains) / losses	<u>(81,218)</u>	<u>2,944</u>
	<b><u>(81,218)</u></b>	<b><u>2,944</u></b>

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	3,594,128	1,157,364
Social security costs	246,150	71,673
Pension costs, defined contribution scheme	37,767	14,544
Other employee expense	10,392	-
<b>Total</b>	<b><u>3,888,437</u></b>	<b><u>1,243,581</u></b>

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Management	7	5
General & Administrative	41	13
Research & Development	22	16
Sales and Marketing	11	4
Site scanners	19	15
<b>Total</b>	<b>100</b>	<b>53</b>

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries	51,750	43,500
Pensions	969	1,061
<b>Total</b>	<b>52,719</b>	<b>44,561</b>

#### 9 Taxation

Tax charged/(credited) in the profit and loss account

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	(515,203)	(238,173)
	<b>(515,203)</b>	<b>(238,173)</b>

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### Taxation (continued)

##### Factors affecting tax charge for the year

The difference between the tax on loss (above) and the loss before tax multiplied by the applicable rate of corporation tax in the UK is reconciled below:

	2020 £	2019 £
Loss before tax	(4,911,123)	(1,466,352)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(933,113)	(278,607)
<b>Effects of:</b>		
Disallowable expenses	90	11,254
Research & Development tax credits	(515,203)	(238,173)
Excess of capital allowances over depreciation	(8,194)	(17,914)
Tax losses for which no deferred tax asset recognised	941,217	285,267
<b>Total tax for the year</b>	<b>(515,203)</b>	<b>(238,173)</b>

#### 10 Tangible assets

##### Group

	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>		
At 1 December 2019	122,707	122,707
Additions	141,988	135,557
At 30 November 2020	<b>264,695</b>	<b>258,264</b>
<b>Depreciation</b>		
At 1 December 2019	15,345	15,345
Charge for the year	56,852	50,421
At 30 November 2020	<b>72,197</b>	<b>65,766</b>
<b>Carrying amount</b>		
At 30 November 2020	<b>192,498</b>	<b>192,498</b>
At 30 November 2019	107,362	107,362

**Disperse.io Ltd**

**Notes to the Financial Statements for the Year Ended 30 November 2020**

**Company**

	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 December 2019	112,995	112,995
Additions	93,381	93,381
At 30 November 2020	<u>206,376</u>	<u>206,376</u>
<b>Depreciation</b>		
At 1 December 2019	14,941	14,941
Charge for the year	50,421	50,421
At 30 November 2020	<u>65,362</u>	<u>65,362</u>
<b>Carrying amount</b>		
At 30 November 2020	<u>141,014</u>	<u>141,014</u>
At 30 November 2019	<u>98,054</u>	<u>98,054</u>

**11 Investments**

**Company**

	<b>2020 £</b>	<b>2019 £</b>
Investments in subsidiaries	<u>482</u>	<u>482</u>

**Subsidiaries**

	<b>£</b>
<b>Cost or valuation</b>	
At 1 December 2019	<u>482</u>
Additions	<u>-</u>
At 30 November 2020	<u>482</u>
<b>Carrying amount</b>	
At 30 November 2020	<u>482</u>
At 30 November 2019	<u>482</u>

The details of the subsidiaries are as follows:

Disperse Inc. 100% owned. Registered office: 20 Jay St., Brooklyn, NY 11201, United States

Disperse LLC 100% owned. Registered office: Yeraz Business Center, 27 Azatutyan Ave, Yerevan, Armenia

Disperse.io d.o.o. 100% owned. Registered office: Fra Anđela Zvizdovića 1, Sarajevo, 71000, Bosnia & Herzegovina

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

The principal activity of the US subsidiary is the provision of artificial intelligence and software services for construction projects. The principal activity Armenian and Bosnia & Herzegovina subsidiaries are the development of the group's software.

#### 12 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	304,669	150,342	271,980	150,342
Other debtors	804,137	282,979	789,309	344,496
Amounts owed by group undertakings	-	-	1,067,186	3,756,775
Prepayments and Accrued Income	99,329	67,585	84,998	9,568
	<b>1,208,135</b>	<b>500,906</b>	<b>2,213,473</b>	<b>4,261,181</b>

#### 13 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank	4,486,248	7,712,450	3,468,379	4,028,982

#### 14 Creditors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Due within one year</b>				
Trade creditors	59,570	63,212	49,055	53,543
Social security and other taxes	34,642	54,100	-	54,100
Outstanding defined contribution pension costs	10,629	9,619	10,629	9,619
Other Creditors	278,714	12,330	248,820	16
Accruals and deferred income	156,538	53,296	156,538	53,296
	<b>540,093</b>	<b>192,557</b>	<b>465,042</b>	<b>170,574</b>

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### 15 Analysis of net debt

	At 1 December		Other non- cash changes	At 30 November
	2019 £	Cash flows £	£	2020 £
Cash at bank and in hand	7,712,450	(3,226,202)	-	4,486,248
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
Debt due after 1 year	-	-	-	-
Debt due within 1 year	-	-	-	-
	<b>7,712,450</b>	<b>(3,226,202)</b>	<b>-</b>	<b>4,486,248</b>

#### 16 Commitments under operating leases

At 30 November 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Within one year	355,890	303,394
Between 1-5 years	-	-
Over 5 years	-	-
<b>Total</b>	<b>355,890</b>	<b>303,394</b>

#### 17 Share based payments

The company has a share option scheme for all employees. Options are exercisable at a price stipulated in the option agreement. The vesting period ranges from 1-5 years. Vesting of the options is subject to continued employment within the Group. Options are forfeited if the employee leaves the company before the options vest.

The fair value of the options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

At 30 November 2020, 39,748 options were outstanding, with a weighted average exercise price of £6.37 per share. 821 share options were exercised during the period.

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £37,767 (2019 - £14,544).

Contributions totalling £10,629 (2019 - £9,619) were payable to the scheme at the end of the year and are included in creditors.

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary of £0.10 each	101,818	10,181.80	100,880	10,088.00
Deferred of £0.10 each	50,000	5,000.00	50,000	5,000.00
Series A of £0.10 each	86,317	8,631.70	72,921	7,292.10
Seed of £0.10 each	47,645	4,764.50	47,645	4,764.50
	<b>285,780</b>	<b>28,578</b>	<b>271,446</b>	<b>27,145</b>

During the year there was an issue of:

938 ordinary shares, £0.1 nominal value at a price of £18,595

13,396 seed shares, £0.1 nominal value at a price of £1,522,321

#### 20 Reserves

	2020	2019
	£	£
Share option reserve	49,353	-
Share premium reserve	11,776,587	10,237,105
Profit and loss account	(6,092,330)	(2,429,082)

The share option reserve relates to the estimated capital and premiums that will arise on exercise of options currently awarded.

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The profit and loss account relates to the cumulative retained earnings, including amounts recognised through other comprehensive income, less amounts distributed to shareholders.

#### 21 Ultimate controlling party

As at the year end, there is no ultimate controlling party.

## Disperse.io Ltd

### Notes to the Financial Statements for the Year Ended 30 November 2020

#### 22 Events after the end of the reporting period

In November 2021, Disperse.io Ltd issued 56,459 Series B shares and convertible loan notes converting to a further 2,575 Series B shares on conversion to raise \$11,671,473 USD to increase runway and help fund growth. This was followed by a further issue of 152 Series B shares in January 2022 and 6,035 Series B shares in February 2022, bringing the total raised funds to \$12,819,611 USD.

The Series B shares hold pre-emption rights that if the company proposes to allot any new securities those new securities shall not be allotted to any person unless the company has in the first instance offered them to all holders of equity shares on the same terms and at the same price as those new securities are being offered to other persons on a pari passu and pro rata basis to the number of equity shares (as if the Equity Shares constituted one and the same class) held by those holders.

The Series B shares shall confer on each holder of Series B shares the right to receive notice of and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed written resolutions of the company. The Series B shares shall not be redeemable. Each Series B share ranks pari passu in dividend distributions. Series B shares rank second in the order of priority for the distribution of the proceeds of sale or surplus assets.

In April 2021 the Armenian subsidiary was dissolved.

#### 23 Prior year adjustment

The comparative amounts for the company in the prior year presented, have been restated as detailed below:

1. Amounts owed to group undertakings have decreased by £152,745 due to retranslating the balance at the prevailing year end exchange rate, with the foreign exchange loss recognised in the profit and loss account for the year ended 30 November 2019.
2. Cash has increased by £46,256 for an amount which had been incorrectly expensed in prior years, mirrored by an increase in the opening reserves at 1 December 2018.
3. Revenue of £57,328 has been accrued in "prepayments and accrued income", with a corresponding increase in the profit and loss account for the year ended 30 November 2019.
4. Amounts owed to group undertakings have been impaired by £110,445 with, with a corresponding decrease in the profit and loss account for the year ended 30 November 2019.
5. Share capital and premium have decreased by £208 in line with the issued share capital, with a corresponding increase in the profit and loss account for the year ended 30 November 2019.

The effect on the opening reserves as previously reported at 1 December 2018 is to increase them by £46,256 to £497,756 (from £451,500 as reported previously).

The effect on the closing reserves as previously reported at 1 December 2018 is to reduce them by £159,398 to £8,218,124 (from £8,377,522 as reported previously).

The effect on the loss for the year ended 30 November 2019 as previously reported is to increase it by £205,654 to £1,215,145 (from £1,009,491 as reported previously).