

Registration number: 09858715

Disperse.io Ltd
Annual Report and Consolidated Financial Statements
for the Period Ended 31 December 2021



**Disperse.io Ltd
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Disperse.io Ltd
Company Information

Directors

Felix Neufeld
Jacob Bro Oleson
Michiel David 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 period ended 31 December 2021

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

Review of the business, development and performance

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

Trading results for the period ended reflect significant growth in the presence of difficult market conditions. Group turnover in the period increased from £1,036,667 to £1,680,265 resulting in a total operating loss of £7,011,672 for the period. The overall balance sheet of the Group at 31 December 2021 remained healthy with total net assets of £7,732,554. The Group improved its cash position by raising an additional £8,756,758 in equity for its Series B fundraise.

Principal risks and uncertainties

The risks and uncertainties facing the business are monitored through continuous assessment, monitoring the external business environment using both financial and non-financial measures and regular discussions with the board and key investors.

The Group is exposed to the overall economic conditions of the industry and was significantly impacted by the pandemic and restrictions with lockdowns forcing many of its customers temporarily closing their sites and increasing their risk averseness.

To help address future uncertainty, the Group continues its investment in research and development of new products and technologies to enhance existing, and enter new, business verticals as well as looking to expand into new geographical locations. The Group continues to work with large blue-chip customers who, while impacted by overall economic conditions, are unlikely to face serious financial distress.

Covid-19:

The Group's businesses rely on economic activity across the globe and are impacted by Governments in each country and how they respond to the challenges faced. The industry was by-and-large hit hard by the pandemic, with productivity and output suffering significantly with government lockdowns and social distancing. The period closed on a more positive outlook, with positive news around the rollout of vaccines and a relaxation of restrictions improving overall outlook. The Group continually monitors the impact of world and key country events and has implemented processes to ensure its employees can work remotely and has a hybrid work policy.

Credit risk:

The Group 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 period ended 31 December 2021 (Cont..)

Key performance indicators

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

	13 months period ended 31 Dec 2021	Year ended 30 Nov 2020
	£	£
Revenue	1,680,265	1,036,677
Net loss	(6,340,567)	(4,395,920)
Cash	6,600,371	4,486,248

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

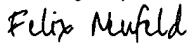
Post Balance Sheet Events

The Group has issued \$3.5 Million unsecured Convertible Loan Notes at par value of \$1 each. The Noteholder has the right to redeem the Notes or convert the Notes into Shares, on the terms set out in the Loan Note Agreement.

The Loan Note was completed in October 2022 with an inflow of \$3.5 Million. The proceeds of all subscriptions for the Notes shall be used by the Group for the purpose of funding its working capital and capital expenditure requirements.

21-Dec-22 | 05:00 PST

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

DocuSigned by:


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Felix Neufeld
Director

Disperse.io Ltd
Directors' Report for the period ended 31 December 2021

The directors present their report and the consolidated financial statements for the period ended 31 December 2021.

Results and dividends

The loss for the period ended, after taxation amounted to £6,340,567 (2020: £4,395,920).

The directors do not recommend a dividend.

Directors of the group

The directors who held office during since 1 December 2020 were as follows:

Felix Neufeld
Jacob Bro Oleson
Michiel David Kotting
Russell Christopher Franklin Buckley (resigned 24 November 2021)

Reporting period

On 1 June 2021, the directors resolved to change the accounting reference date from 30 November 2021 to 31 December 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 Group 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

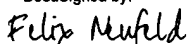
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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 and the Group's auditor is aware of that information.

21-Dec-22 | 05:00 PST

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

DocuSigned by:



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Felix Neufeld
Director

Disperse.io Ltd
Statement of Directors' Responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group 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 Group 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 period ended 31 December 2021**

Opinion

We have audited the financial statements of Disperse.io Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2021, which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated statement of cash flows, the Consolidated and Company statement of changes in equity and the notes to the financial statements, including 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 of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the period 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 United Kingdom, 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that whilst the directors are confident of successfully raising sufficient funds during 2023 in order for the Group to continue its operations, in the absence of committed funding to cover the Group's projected outgoings, this indicates the existence of a material uncertainty, which may cast significant doubt over whether the Group would be able to continue as a going concern if insufficient funds are raised. Our opinion is not modified in respect of this matter.

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

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

Disperse.io Ltd

**Independent Auditor's Report to the Members of Disperse.io Ltd
for the year ended 31 December 2021**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the group strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the 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 the 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 group strategic report or the directors' report.

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

- adequate accounting records have not been kept 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.

Disperse.io Ltd

Independent Auditor's Report to the Members of Disperse.io Ltd for the year ended 31 December 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

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 Group 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:

- 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 group through discussions with directors and other management, and from our commercial knowledge and experience of the IT and software sectors;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 Group'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.

Disperse.io Ltd

**Independent Auditor's Report to the Members of Disperse.io Ltd
for the year ended 31 December 2021**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgments and assumptions made in determining the accounting estimates were indicative of potential bias; 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;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue and Customs.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 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.


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: 21/12/2022

Disperse.io Ltd
Consolidated Profit and Loss Account
for the period ended 31 December 2021

	Note	13 months period ended 31 December 2021 £	Year ended 30 November 2020 £
Turnover	3	1,680,265	1,036,677
Gross profit		1,680,265	1,036,677
Administrative expenses		(8,691,937)	(5,959,054)
Other operating income	4	-	11,238
Operating loss	5	(7,011,672)	(4,911,139)
Net interest receivable		-	16
Loss before taxation		(7,011,672)	(4,911,123)
Tax on loss	8	671,105	515,203
Loss for the financial period/year		(6,340,567)	(4,395,920)

All amounts relate entirely to continuing operations.

Disperse.io Ltd

**Consolidated Statement of Other Comprehensive Income
for the period ended 31 December 2021**

	13 months period ended 31 December 2021	Year ended 30 November 2020
	£	£
Loss for the year	(6,340,567)	(4,395,920)
Foreign exchange translation differences	<u>(87,390)</u>	<u>24,288</u>
Total comprehensive income for the period/year	<u><u>(6,427,957)</u></u>	<u><u>(4,371,632)</u></u>

Disperse.io Ltd

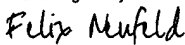
(Registration number: 09858715)
Consolidated Balance Sheet as at 31 December 2021

	Note	31 December 2021 £	30 November 2020 £
Fixed assets			
Tangible assets	9	179,581	192,497
Current assets			
Debtors	11	1,810,424	1,208,135
Cash at bank and in hand	12	6,600,371	4,486,248
		<u>8,410,795</u>	<u>5,694,383</u>
Creditors: Amounts falling due within one year	13	<u>(857,822)</u>	<u>(540,093)</u>
Net current assets		<u>7,552,973</u>	<u>5,154,290</u>
Net assets		<u><u>7,732,554</u></u>	<u><u>5,346,787</u></u>
Capital and reserves			
Called up share capital	18	34,997	28,578
Share premium reserve		20,547,722	11,776,587
Share option reserve		85,522	49,353
Profit and loss account		(12,935,687)	(6,507,731)
Total Equity		<u><u>7,732,554</u></u>	<u><u>5,346,787</u></u>

21-Dec-22 | 05:00 PST

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

DocuSigned by:



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Felix Neufeld
Director

The notes on pages 19 to 33 form part of these financial statements.

Disperse.io Ltd

(Registration number: 09858715)

Company Balance Sheet as at 31 December 2021

	Note	31 December 2021 £	30 November 2020 £
Fixed assets			
Tangible assets	9	107,628	141,014
Investments	10	20,972	482
		<u>128,600</u>	<u>141,496</u>
Current assets			
Debtors	11	2,728,146	2,213,473
Cash at bank and in hand	12	5,729,193	3,468,379
		<u>8,457,339</u>	<u>5,681,852</u>
Creditors: Amounts falling due within one year	13	<u>(813,103)</u>	<u>(465,042)</u>
Net current assets		<u>7,644,236</u>	<u>5,216,810</u>
Net assets		<u>7,772,836</u>	<u>5,358,306</u>
Capital and reserves			
Called up share capital	18	34,997	28,578
Share premium reserve	19	20,547,723	11,776,587
Share option reserve	19	85,522	49,353
Profit and loss account	19	(12,895,406)	(6,496,212)
Total Equity		<u>7,772,836</u>	<u>5,358,306</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 for the period was £6,399,194 (2020: loss of £4,450,087).

21-Dec-22 | 05:00 PST

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

DocuSigned by:

Felix Neufeld

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Felix Neufeld
Director

The notes on pages 19 to 33 form part of these financial statements.

Disperse.io Ltd

Consolidated Statement of Changes in Equity
for the Period Ended 31 December 2021

	Share capital	Share premium	Share option reserve £	Profit and loss account	Total
At 1 December 2020	28,578	11,776,587	49,353	(6,507,731)	5,346,787
Loss for the period	-	-	-	(6,340,567)	(6,340,567)
Foreign exchange on consolidation	-	-	-	(87,390)	(87,390)
Total comprehensive income	-	-	-	(6,427,957)	(6,427,957)
New share capital subscribed	6,419	8,771,136	-	-	8,777,555
Share option expense	-	-	36,169	-	36,169
At 31 December 2021	34,997	20,547,723	85,522	(12,935,688)	7,732,554

	Share capital	Share premium	Share option reserve £	Profit and loss account	Total
At 1 December 2019	27,145	10,237,104	-	(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	11,776,587	49,353	(6,507,731)	5,346,787

The notes on pages 19 to 33 form part of these financial statements.

Disperse.io Ltd**Company Statement of Changes in Equity
for the Period Ended 31 December 2021**

	Share capital	Share premium	Share option reserve £	Profit and loss account	Total
At 1 December 2020	28,578	11,776,587	49,353	(6,496,212)	5,358,306
Loss for the period	-	-	-	(6,399,194)	(6,399,194)
Foreign exchange on consolidation	-	-	-	-	-
Total comprehensive income	-	-	-	(6,399,194)	(6,399,194)
New share capital subscribed	6,419	8,771,136	-	-	8,777,555
Share option expense	-	-	36,169	-	36,169
At 31 December 2021	34,997	20,547,723	85,522	(12,895,406)	7,772,836

	Share capital	Share premium	Share option reserve £	Profit and loss account	Total
At 1 December 2019	27,145	10,237,104	-	(2,046,125)	8,218,124
Loss for the year	-	-	-	(4,450,087)	(4,450,087)
Foreign exchange on consolidation	-	-	-	-	-
Total comprehensive income	-	-	-	(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

The notes on pages 19 to 33 form part of these financial statements.

Disperse.io Ltd

**Consolidated Statement of Cash Flows
for the Period Ended 31 December 2021**

	31 December 2021	30 November 2020
	£	£
Cash flows from operating activities		
Loss for the financial period/year	(6,340,567)	(4,395,920)
Adjustments for:		
Depreciation of tangible assets	60,451	56,852
Share options granted	36,169	49,353
Profit on disposal of tangible assets	-	(5,142)
Interest payable	-	(15)
Taxation charge	(671,105)	(515,203)
Decrease/(Increase) in debtors	68,815	(192,026)
Increase in creditors	317,729	347,536
Net cash flows used in operating activities	(6,528,508)	(4,654,565)
Cash flows from investing activities		
Purchase of tangible fixed assets	(47,534)	(135,557)
Interest received	-	15
Net cash flows used in investing activities	(47,534)	(135,542)
Cash flows from financing activities		
Proceeds on issue of convertible loan notes	407,700	-
Proceeds on issue of shares	8,369,855	1,540,916
Net cash flows generated from financing activities	8,777,555	1,540,916
Net increase/(decrease) in cash and cash equivalents	2,201,513	(3,249,192)
Foreign exchange	(87,390)	22,989
Cash and cash equivalents at 1 December	4,486,248	7,712,450
Cash and cash equivalents at end of period/year	6,600,371	4,486,248

The notes on pages 19 to 33 form part of these financial statements.

Disperse.io Ltd
Notes to the Financial Statements
for the period ended 31 December 2021

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 group consists of Disperse.io Ltd and all of its subsidiaries. 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 Disperse.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 group's accounting policies as described below.

Basis of preparation

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 taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

Disperse.io Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken the advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

- Section 3 'Financial Statement Presentation' – Inclusion of statement of cash flows;
- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; 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; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The following principal accounting policies have been applied:

Disperse.io Ltd
Notes to the Financial Statements
for the period ended 31 December 2021

Reporting period

The entity's annual financial statements are presented for a thirteen month period ended 31 December 2021. The comparative financial statements are for a twelve month period. The change in accounting reference date was made in order to be coterminous with the calendar year.

As a result, the comparative information as presented within these financial statements and related notes are not entirely comparable as these represent the year to 30 November 2020.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021. 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.

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 considering the going concern assumption, the directors have considered the cash flow requirements of the group. While economic uncertainty remains, the majority of the group's customers are large construction firms that, while impacted by economic conditions, are unlikely to face serious financial distress. The directors have prepared financial projections for the period of twelve months from the date of issue of these financial statements showing sufficient liquidity, with an expectation that the company will go to the market to fundraise in the first half 2023 in advance of needing the investment.

Whilst the directors are confident of successfully raising sufficient funds during 2023 in order for the group to continue its operations, in the absence of committed funding to cover the group's projected outgoings at the date of approval of these financial statements, this indicates the existence of a material uncertainty, which may cast significant doubt over whether the group would be able to continue as a going concern if insufficient funds are raised.

Notwithstanding, steps are already under way for the next round of fundraising and on this basis, 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.

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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.

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.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

Government grants comprise amounts received or receivable from HM Revenue and Customs for employees on the furlough scheme under the Coronavirus Job Retention Scheme. These are recognised in the period in which they become receivable.

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.

Tangible 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.

At each reporting date the group 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.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives,

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

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Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

Defined contribution pension obligation

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

Research and development

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

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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 Group 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 Group 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 Group after deducting all of its liabilities. The Group'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 group would receive for the asset if it were to be sold at the reporting date.

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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

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

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

Research and development tax claim receivable

The group 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 group 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.

Impairment of intercompany debtors

The directors apply their judgment in considering the recoverability of intercompany debtors at the balance sheet date, to ensure that a provision is made against any uncertain balances in the parent company balance sheet. In arriving at a suitable provision, regard is given to the accumulated losses of each subsidiary at the balance sheet date. Provisions against intercompany debt are eliminated on consolidation.

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3 Revenue

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

	13 months period ended 31 December 2021	Year ended 30 November 2020
	£	£
UK operations	1,269,061	993,849
US operations	411,204	42,828
Total sales	1,680,265	1,036,677

4 Other operating income

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

	13 months period ended 31 December 2021	Year ended 30 November 2020
	£	£
Government grants receivable	-	11,238

5 Operating loss

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

	13 months period ended 31 December 2021	Year ended 30 November 2020
	£	£
Depreciation of tangible fixed assets	82,111	50,421
Profit on disposal of tangible assets	-	(5,142)
Audit of the parent company and the Group's consolidated financial statements	24,000	30,000
Foreign exchange losses	(63,103)	(81,218)

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6 Staff costs

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

	13 months period ended 31 Dec 2021	Year ended 30 Nov 2020
	£	£
Wages and salaries	5,043,835	3,594,128
Social security costs	366,384	246,150
Pension costs, defined contribution scheme	61,031	37,767
Other employee expense	201,812	10,392
Total	5,673,062	3,888,437

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

	13 months period ended 31 Dec 2021	Year ended 30 Nov 2020
	No.	No.
Management	7	7
General & Administrative	81	41
Research & Development	21	22
Sales & Marketing	14	11
Site Scanners	25	19
Total	148	100

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	13 months period ended 31 Dec 2021	Year ended 30 Nov 2020
	31-Dec-21	30-Nov-20
	£	£
Salaries	85,808	51,750
Pensions	1,115	969
Total	86,923	52,719

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8 Taxation

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

	13 months period ended 31 Dec 2021 31-Dec-21 £	Year ended 30 Nov 2020 30-Nov-20 £
Current taxation		
UK corporation tax	(671,105)	(515,203)
	<u>(671,105)</u>	<u>(515,203)</u>

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:

	13 months period ended 31 Dec 2021 31-Dec-21 £	Year ended 30 Nov 2020 30-Nov-20 £
Loss before tax	(7,011,672)	(4,911,123)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,332,218)	(933,113)
Effects of:		
Disallowable expenses	28,369	90
Research & Development tax credits	(671,105)	(515,203)
Excess of capital allowances over depreciation	(37,317)	(8,194)
Tax losses for which no deferred tax asset recognised	1,341,166	941,217
Total tax for the year	<u>(671,105)</u>	<u>(515,203)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021.

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9 Tangible assets
Group

	Furniture, fittings and equipment	Total
	£	£
Cost		
At 1 December 2020	258,264	258,264
Additions	47,534	47,534
At 31 December 2021	<u>305,798</u>	<u>305,798</u>
Depreciation		
At 1 December 2020	65,766	65,766
Charge for the year	<u>60,451</u>	<u>60,451</u>
At 31 December 2021	126,217	126,217
Carrying amount		
At 31 December 2021	<u>179,581</u>	<u>179,581</u>
At 30 November 2020	<u>192,497</u>	<u>192,497</u>

Company

	Furniture, fittings and equipment	Total
	£	£
Cost		
At 1 December 2020	206,376	206,376
Additions	23,819	23,819
At 31 December 2021	<u>230,195</u>	<u>230,195</u>
Depreciation		
At 1 December 2020	65,362	65,362
Charge for the year	<u>57,205</u>	<u>57,205</u>
At 31 December 2021	122,567	122,567
Carrying amount		
At 31 December 2021	<u>107,628</u>	<u>107,628</u>
At 30 November 2020	<u>141,014</u>	<u>141,014</u>

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	31-Dec-21	30-Nov-20
	£	£
10 Investments		
Company		
Investments in subsidiaries	20,972	482
	Investment	Total
	£	£
Subsidiaries		
Cost		
At 1 December 2020	482	482
Additions	20,490	20,490
At 31 December 2021	20,972	20,972
Carrying amount		
At 31 December 2021	20,972	20,972
At 30 November 2020	482	482

The details of the subsidiaries are as follows:

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

Disperse.io d.o.o. 100% owned. Registered office: Fra An?ela Zvizdovi?a 1, Sarajevo, 71000, Bosnia & Herzegovina.

Disperse Pty Ltd 100% owned. Registered office: 36 Gregor Crescent, Coomera QLD 4209, Australia.

Disperse GmbH 100% owned. Registered office: Lehmbruckstra?e 13, 10245 Berlin, Germany.

Disperse LLC 100% owned. Registered office: Yeraz Business Center, 27 Azatutyun Ave, Yerevan, Armenia. In May 2021 the company was de-registered.

The principal activity of the US subsidiary is the provision of artificial intelligence and software services for construction projects. The Armenian and Bosnia & Herzegovina subsidiaries are the development of the group's software and services. The Australian & German subsidiaries were incorporated in December 2020 and March 2021 respectively with the ambition of increasing global footprint.

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11 Debtors

	Group		Company	
	31 December 2021	30 November 2020	31 December 2021	30 November 2020
	£			
Trade debtors	509,780	304,669	356,869	271,980
Other debtors	1,257,414	804,137	1,186,308	789,309
Prepayments and accrued income	43,230	99,329	27,593	84,998
Amounts owed by Group undertakings	-	-	1,157,376	1,067,186
	1,810,424	1,208,135	2,728,146	2,213,473

12 Cash and cash equivalents

	Group		Company	
	31 December 2021	30 November 2020	31 December 2021	30 November 2020
	£			
Cash at bank	6,600,371	4,486,248	5,729,193	3,468,379

13 Creditors

	Group		Company	
	31 December 2021	30 November 2020	31 December 2021	30 November 2020
	£			
Due within one year				
Trade creditors	161,852	59,570	161,049	49,055
Social security and other taxes	481,977	34,642	463,040	-
Outstanding defined contribution pension costs	8,979	10,629	8,031	10,629
Other creditors	47,852	278,714	34,194	248,820
Accruals and deferred income	157,162	156,538	146,789	156,538
	857,822	540,093	813,103	465,042

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14 Analysis of net debt

	At 1 December 2020	Cash flows	Other non-cash changes	At 31 December 2021
	£			
Cash at bank and in hand	4,486,248	2,114,123	-	6,600,371
	<u>4,486,248</u>	<u>2,114,123</u>	<u>-</u>	<u>6,600,371</u>

15 Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	30 November 2020 £
Within one year	148,782	355,890
Between 1-5 years	49,839	-
Over 5 years	-	-
Total	<u>198,621</u>	<u>355,890</u>

16 Share based payments

The Group 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 Group 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 31 December 2021, 42,123 options were outstanding, with a weighted average exercise price of £6.38 per share. 4,977 share options were exercised during the period.

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17 Pension and other schemes**Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £58,251 (2020: £37,767).

Contributions totalling £8,979 (2020: £10,629) were payable to the scheme at the end of the period ended 31 December 2021 and are included in creditors.

18 Share capital**Allotted, called up and fully paid shares**

	31 December 2021		30 November 2020	
	No.	£	No.	£
Ordinary of £0.10 each	106,795	10,680	101,818	10,182
Deferred of £0.10 each	50,000	5,000	50,000	5,000
Series B of £0.10 each	59,216	5,922	-	-
Series A of £0.10 each	86,317	8,632	86,317	8,632
Seed of £0.10 each	47,645	4,765	47,645	4,765
	349,973	34,997	285,780	28,578

During the year there was an issue of:

4,977 ordinary shares, £0.1 nominal value at a price of £32,251

59,216 series B shares, £0.1 nominal value at a price of £8,756,758

Ordinary shareholders have full voting rights and dividend rights. These shares are non-redeemable and the balance of any proceeds of sale or surplus assets, shall be distributed to the holders of Ordinary shares on a pro rata basis in the order of priority for the distribution of the proceeds of sale or surplus assets.

Deferred shareholders have full voting rights and dividend rights. These shares are non-redeemable and rank first in the order of priority for the distribution of the proceeds of sale or surplus assets.

Series B shareholders have 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. These shares are non-redeemable and 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.

Series A shareholders have 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. These shares are non-redeemable and ranks pari passu in dividend distributions. Series A shares rank third in the order of priority for the distribution of the proceeds of sale or surplus assets.

Seed shareholders have full voting rights and dividend rights. These shares are non-redeemable and rank fourth in the order of priority for the distribution of the proceeds of sale or surplus assets.

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19 Reserves

	31 December 2021	30 November 2020
	£	£
Share premium reserve	20,547,723	11,776,587
Share option reserve	85,522	49,353
Profit and loss account	(12,895,406)	(6,092,330)

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.

20 Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party.

21 Events after the end of the reporting period

In October 2022, Disperse.io Ltd signed \$3.5 Million Unsecured Convertible Loan Notes at par value of \$1 each. This instrument constitutes Laon Notes which provides the Noteholder the right to redeem the Notes or convert the Notes into Shares, on the terms set out in the Loan Note Agreement.

The nominal amount of each Note is \$1.00 and the maximum nominal amount of Notes which the Company may issue pursuant to this instrument shall be \$5,500,000. The Loan Note carries interest at the rate of 6% per annum.

The Loan Note was completed in October 2022 with an inflow of \$3.5 Million. The proceeds of all subscriptions for the Notes shall be used by the Company for the purpose of funding its working capital and capital expenditure requirements.

22 Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.