

Company Registration No. 11147523 (England and Wales)

SATIFY SPACE SYSTEMS UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

SATIFY SPACE SYSTEMS UK LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	2 - 7

SATIFY SPACE SYSTEMS UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	6	6,558,133		5,252,034	
Cash at bank and in hand		242,410		2,947,471	
		<u>6,800,543</u>		<u>8,199,505</u>	
Creditors: amounts falling due within one year	7	<u>(17,469,717)</u>		<u>(14,014,294)</u>	
Net current liabilities			<u>(10,669,174)</u>		<u>(5,814,789)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			<u>(10,669,274)</u>		<u>(5,814,889)</u>
Total equity			<u>(10,669,174)</u>		<u>(5,814,789)</u>

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

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

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

M Burko
Director

Company Registration No. 11147523

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Cash and cash equivalents

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

1.5 Financial instruments

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

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

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

Basic financial assets

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

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.6 Equity instruments

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

1.7 Employee benefits

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

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

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

1.8 Retirement benefits

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

1.9 Leases

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

1.10 Foreign exchange

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

1.11 RDEC

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

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6,805	5,700
	<u>6,805</u>	<u>5,700</u>

4 Employees

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

	2021	2020
	Number	Number
Total	32	30
	<u>32</u>	<u>30</u>

5 Taxation

The profit and loss account figure for RDEC receivable was previously shown as the full amount of RDEC claimed in the company's tax computation, including the amount carried forward for future relief. This has changed in the 2021 financial statements, so that only the cumulative amount of net RDEC receivable has been recognised in the profit and loss account over the periods to date. The 2021 income figure is therefore lower because it includes a deduction for amounts shown in previous periods' financial statements but which are not yet available to be reclaimed as a tax repayment. The effect of this is that the £959,468 corporation tax recoverable within debtors is the same as the tax repayment claimed, whereas the previous year's debtor of £1,455,416 was more than the £765,207 tax repayment claimed. (The difference of £690,209 represented carried forward RDEC of £710,067 minus a difference of £19,858 in respect of extra RDEC included in the 2020 tax computation but not in the 2020 financial statements).

6 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	57,282	-
RDEC receivable	959,468	1,455,416
Amounts owed by group undertakings	623,751	139,714
Other debtors	4,917,632	3,656,904
	<u>6,558,133</u>	<u>5,252,034</u>

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	3,042,856	2,501,123
Amounts owed to group	5,532,493	4,716,705
Taxation and social security	173,103	214,748
Other creditors	8,721,265	6,581,718
	<u>17,469,717</u>	<u>14,014,294</u>

8 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	118,000	162	0.81	840.06
Granted	138,125	134,000	1.71	0.81
Forfeited	(81,810)	(16,162)	1.54	0.81
Outstanding at 31 December 2021	<u>174,315</u>	<u>118,000</u>	<u>1.09</u>	<u>0.81</u>
Exercisable at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 December 2021 had an exercise price of £1.09, and a remaining contractual life of 8 years.

The company participates in an approved EMI share option scheme operated by its immediate parent company, Satify Communications Limited, a company registered in Israel. Under this scheme share options are granted over certain of parent's non-redeemable ordinary shares for nil cost at exercise prices of between £0.81 and £1.71. Options granted vest in equal tranches over three years from the grant date.

Under the rules of the scheme, share options only become sellable upon an exit event. An exit event is defined as the sale or transfer of the whole of the undertaking or assets of the company and its subsidiaries or a successful listing on a recognised stock exchange.

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

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Audit report information

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

The auditor's report was unqualified.

Emphasis of matter

The company's current liabilities exceeds its current assets by £10,669,174, out of which £5,532,493 is owed to other related parties controlled by the parent company.

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

The senior statutory auditor was Christopher Cairns BSc FCA and the auditor was Alliot's LLP.

10 Operating lease commitments

Lessee

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

	2021	2020
	£	£
	44,300	221,500
	<u>44,300</u>	<u>221,500</u>

11 Events after the reporting date

SPAC:

On October 27, 2022, SatixFy MS, a wholly owned subsidiary of SatixFy Communications Ltd. ("SatixFy") which was incorporated in 2022, closed the merger with Endurance Acquisition Corp. ("Endurance"). As a result, Endurance became a wholly owned subsidiary of SatixFy. The ordinary shares and warrants of SatixFy began to trade on the NYSE American LLC under the symbols "SATX" and "SATX WSA," respectively, on October 28, 2022.

12 Related party transactions

Remuneration of key management personnel

The key management personnel of the company are considered to be the Directors, who are remunerated through other group companies, therefore no such disclosure is made here.

	2021	2020
	£	£
Aggregate compensation	22,680	7,512
	<u>22,680</u>	<u>7,512</u>

SATIFY SPACE SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2021	2020
Amounts due to related parties	£	£
Entities under common control or significant influence	5,532,493	4,716,705
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2021	2020
Amounts due from related parties	£	£
Entities under common control or significant influence	623,751	139,714
	<u> </u>	<u> </u>

13 Parent company

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.