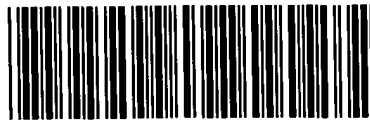


Company registration number 10689249 (England and Wales)

**ASTROSCALE LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2022**

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# ASTROSCALE LTD

## COMPANY INFORMATION

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<b>Directors</b>	M Okada C Blackerby N Shave
<b>Company number</b>	10689249
<b>Registered office</b>	Imperial House 8 Kean Street London WC2B 4AS
<b>Accountant</b>	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL
<b>Independent Auditor</b>	Ernst & Young LLP R+ 2 Blagrove St. Reading RG1 1AZ

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# **ASTROSCALE LTD**

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# **ASTROSCALE LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 APRIL 2022**

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The directors present their annual report and financial statements for the year ended 30 April 2022.

#### **Principal activities**

The company was incorporated on 24 March 2017. The principal activity of the company is that of research and development of space technology.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements, unless otherwise indicated, were as follows:

M Okada	
J Auburn	(Resigned 1 June 2022)
C Blackerby	
N Shave	(Appointed 1 June 2022)

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Statement of directors' responsibilities**

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

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

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **ASTROSCALE LTD**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022**

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### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### **Going concern basis**

In assessing whether the going concern basis is appropriate, the directors have taken account of all available information about the future up to and including 29 February 2024 (the going concern period) which is at least 12 months from the date of approval of these financial statements.

Astroscale Holdings Inc., being the ultimate holding company of Astroscale Ltd has provided a letter of support to the company confirming that it will provide access to required financial resources so that the company can continue to meet its liabilities as they fall due during the going concern period.

The directors have satisfied themselves that the ultimate holding company is able to provide financial support and assist in meeting the company's liabilities during the going concern period. The directors have considered cash flow forecasts prepared by the ultimate holding company and also considered plausible downside scenarios and are satisfied the ultimate holding company has sufficient financial resources in place to provide support. The directors note that in February 2023 Astroscale Holdings Inc. closed a further funding round generating additional cash resources which demonstrate the ultimate holding company's ability to provide financial support to the company during the going concern period.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

On behalf of the board



**N Shave  
Director**

28 February 2023

# ASTROSCALE LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASTROSCALE LTD

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### Opinion

We have audited the financial statements of Astroscale Ltd for the year ended 30 April 2022, which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 10, 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 FRS 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 company's affairs as at 30 April 2022 and of its 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provision available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# ASTROSCALE LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ASTROSCALE LTD

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

# ASTROSCALE LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ASTROSCALE LTD

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Our approach was as follows:

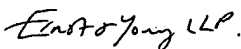
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how Astroscale Ltd is complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override and a fraud risk relating to revenue recognition overtime.
- We have performed audit procedures to assess the reasonability of the revenue recognised. We have selected open projects at year end and has validated the data points used by the Company for their estimates on the contracts and forecasts relating the projects.
- The fraud risk relating to management override was addressed through testing journal entries and other adjustments for appropriateness.
- Based on this understanding we designed our audit procedures to identify non-compliance with all such laws and regulations. Our procedures involved enquiries of the management and those charged with governance and Internal counsel. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:



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Daniel Dennett

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

Date: 28 February 2023

# ASTROSCALE LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2022

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	2022 £	2021 £
Turnover	1,330,903	1,525,407
Cost of sales	(8,641,054)	(2,736,112)
<b>Gross loss</b>	<u>(7,310,151)</u>	<u>(1,210,705)</u>
Administrative expenses	(3,272,479)	(1,341,518)
Other operating income	255,273	159,301
<b>Operating loss</b>	<u>(10,327,357)</u>	<u>(2,392,922)</u>
Interest receivable and similar income	261	7
Interest payable and similar expenses	(37,209)	(123,356)
<b>Loss before taxation</b>	<u>(10,364,305)</u>	<u>(2,516,271)</u>
Tax on loss	471,507	81,312
<b>Loss for the financial year</b>	<u><u>(9,892,798)</u></u>	<u><u>(2,434,959)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ASTROSCALE LTD

## BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	3		2,698,460		73,981
<b>Current assets</b>					
Debtors	4	2,319,014		4,221,652	
Cash at bank and in hand		2,254,461		1,639,553	
		<u>4,573,475</u>		<u>5,861,205</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(1,352,985)</u>		<u>(3,274,252)</u>	
<b>Net current assets</b>			<u>3,220,490</u>		<u>2,586,953</u>
<b>Total assets less current liabilities</b>			5,918,950		2,660,934
<b>Creditors: amounts falling due after more than one year</b>	6		(84,477)		(7,630,700)
<b>Provisions for liabilities</b>			<u>(10,000)</u>		<u>-</u>
<b>Net assets/(liabilities)</b>			<u>5,824,473</u>		<u>(4,969,766)</u>
<b>Capital and reserves</b>					
Called up share capital			100		100
Equity reserve			20,671,478		-
Profit and loss reserves			<u>(14,847,105)</u>		<u>(4,969,866)</u>
<b>Total equity</b>			<u>5,824,473</u>		<u>(4,969,766)</u>

These financial statements have been prepared 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 28 February 2023 and are signed on its behalf by:



N Shave  
Director

Company Registration No. 10689249

# ASTROSCALE LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Notes	Share capital £	Equity reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2020</b>		100	-	(2,587,497)	(2,587,397)
<b>Year ended 30 April 2021:</b>					
Loss and total comprehensive income for the year		-	-	(2,434,959)	(2,434,959)
Credit to equity for equity settled share-based payments	7	-	-	52,590	52,590
<b>Balance at 30 April 2021</b>		100	-	(4,969,866)	(4,969,766)
<b>Year ended 30 April 2022:</b>					
Loss and total comprehensive income for the year		-	-	(9,892,798)	(9,892,798)
Credit to equity for equity settled share-based payments	7	-	-	15,559	15,559
Other contributions	9	-	20,671,478	-	20,671,478
<b>Balance at 30 April 2022</b>		100	20,671,478	(14,847,105)	5,824,473

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2022**

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### 1 Accounting policies

#### Company information

Astroscale Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Imperial House, 8 Kean Street, London, WC2B 4AS.

#### 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

In assessing whether the going concern basis is appropriate, the directors have taken account of all available information about the future up to and including 29 February 2024 (the going concern period) which is at least 12 months from the date of approval of these financial statements.

Astroscale Holdings Inc., being the ultimate holding company of Astroscale Ltd has provided a letter of support to the company confirming that it will provide access to required financial resources so that the company can continue to meet its liabilities as they fall due during the going concern period.

The directors have satisfied themselves that the ultimate holding company is able to provide financial support and assist in meeting the company's liabilities during the going concern period. The directors have considered cash flow forecasts prepared by the ultimate holding company and also considered plausible downside scenarios and are satisfied the ultimate holding company has sufficient financial resources in place to provide support. The directors note that in February 2023 Astroscale Holdings Inc. closed a further funding round generating additional cash resources which demonstrate the ultimate holding company's ability to provide financial support to the company during the going concern period.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

#### 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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**1 Accounting policies** **(Continued)**

**1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery 33% straight line

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Cash and cash equivalents**

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

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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

#### 1.9 Equity instruments

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

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

---

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 Share-based payments**

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes Conversion model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### 1.15 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.

### 2 Employees

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

	2022 Number	2021 Number
Total	66	37

### 3 Tangible fixed assets

	Assets under construction £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 May 2021	-	119,149	119,149
Additions	2,533,586	144,332	2,677,918
Disposals	-	(931)	(931)
At 30 April 2022	2,533,586	262,550	2,796,136
<b>Depreciation and impairment</b>			
At 1 May 2021	-	45,168	45,168
Depreciation charged in the year	-	53,031	53,031
Eliminated in respect of disposals	-	(523)	(523)
At 30 April 2022	-	97,676	97,676
<b>Carrying amount</b>			
At 30 April 2022	2,533,586	164,874	2,698,460
At 30 April 2021	-	73,981	73,981

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 4 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	173,067	28,089
Corporation tax recoverable	1,001,877	275,739
Other debtors	793,575	156,081
Prepayments and accrued income	350,495	3,761,743
	<u>2,319,014</u>	<u>4,221,652</u>

### 5 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	263,362	47,875
Amounts owed to group undertakings	-	3,017,937
Taxation and social security	173,208	97,118
Other creditors	916,415	111,322
	<u>1,352,985</u>	<u>3,274,252</u>

### 6 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to group undertakings	-	7,630,700
Accruals and deferred income	84,477	-
	<u>84,477</u>	<u>7,630,700</u>

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2022

#### 7 Share-based payment transactions

The company participates in the share-based compensation plans operated by the ultimate parent company. Some employees of Astroscale Ltd participated in the scheme. The purpose of the scheme is to align employee interests with company interests.

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Oustanding at 1 May	10,865	-	371.49	-
Granted	7,667	11,815	493.35	379.90
Forfeited	(690)	(950)	213.11	361.20
	<u>17,842</u>	<u>10,865</u>	<u>416.19</u>	<u>371.49</u>
Oustanding at 30 April	<u>17,842</u>	<u>10,865</u>	<u>416.19</u>	<u>371.49</u>
Exercisable at 30 April	<u>3,095</u>	<u>1,800</u>	<u>198.25</u>	<u>123.73</u>

The options outstanding at 30 April 2022 had an exercise price ranging from £193 to £569, and a remaining contractual life of 2 to 7 years.

During the period the following options were recognised as granted:

1,806 share options at a WAEP of £526 on 6 November 2021 exercisable between 7 November 2023 and 26 February 2028.

640 share options at a WAEP of £569 on 16 December 2021 exercisable between 17 December 2023 and 9 December 2029.

2,101 share options at a WAEP of £548 on 5 January 2022 exercisable between 6 January 2024 and 9 December 2029.

2,400 share options at a WAEP of £563 on 24 January 2022 exercisable between 25 January 2024 and 9 December 2029.

720 share options at a WAEP of £557 on 27 January 2022 exercisable between 28 January 2024 and 9 December 2029.

The options vest at the point they are exercisable only if the person has remained employed by Astroscale Ltd.

#### Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £15,559 (2021 - £52,590) which related to equity settled share based payment transactions.

#### 8 Events after the reporting date

In Q4 of the 2022 calendar year Astroscale Limited entered into an agreement to act as one of the guarantors for a loan of up to 5 billion Japanese Yen from MUFG Bank Ltd to the parent company, Astroscale Holdings Inc.

In Q4 of the 2022 calendar year Astroscale Limited received 3 loans from the parent company, Astroscale Holdings Inc., for a combined value of £6,940,000. These suffer interest at 5% per annum, payable annually on 30 September, and the principal is due for repayment on 30 September 2025.

# ASTROSCALE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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### 9 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases 2022 £	Purchases 2021 £
Entities with common control	-	109,164

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
<b>Amounts due to related parties</b>		
Entities with control, joint control or significant influence over the company	-	10,648,637

#### Other information

During the year the Board of Directors of the ultimate parent company approved a proposal to convert the outstanding loans to Astroscale Ltd of £20,671,478 into a capital investment.

### 10 Parent company

The parent company of Astroscale Ltd is Astroscale Holdings Inc. and its registered office is 1-17-2 Kinishi Sumida-ku, Tokyo, 1300013 Japan.