Company Registration No. 08706503 (England and Wales)

ALL.SPACE NETWORKS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

ALL.SPACE NETWORKS LIMITED

COMPANY INFORMATION

Directors	R Dooner J Finney M Lohnert P C K McCall
Secretary	N A D Fox
Company number	08706503
Registered address	Unit 1, Now Building Thames Valley Park Drive Reading RG6 1RB
Auditor	KPMG LLP Chartered Accountants 2 Forbury Place 33 Forbury Road Reading RG1 3AD

ALL.SPACE NETWORKS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the Strategic Report for the year ended 31 December 2022.

Fair review of the business

ALL.SPACE Networks Limited continued to achieve significant operational and financial milestones during the year.

Significant investment in research and development has meant we could complete all tests demonstrating that our multi-link terminal can connect to satellites in LEO, MEO and GEO orbits, simultaneously. The tests ensured continuous, full aperture performance across all links to multiple orbits, enabling full multiplication and aggregation of data connectivity.

The business continued to attract talent in critical areas such as Engineering, Operations, Sales and Marketing and the average number of employees has increased to 142 (2021: 96). Since the year end, further key appointments have been made to strengthen management team that will help the business to achieve its goals in the next 12 months.

We also invested £1.9m in capital expenditure, the majority of which was spent at our Engineering Campus and will enable the business to further develop, build and test our first terminals.

In August 2022, the company entered into a loan agreement with Trinity Capital Inc., which allows the company to borrow up to a maximum of $20.0m of which at the reporting date $10.0m had been drawn down.

Since the year end, the business has successfully delivered its first terminal to one of our customers for testing over their network. This milestone marks one of the final steps before the company launches its smart terminal to the defence and commercial markets.

On the 5 July 2023, the group successfully completed its initial close of its series C funding of $24m. The second phase is expected to close within 90 days with additional funds up to a total of $50 million with an allowance for an over subscription of up to a further $25m.

Principal risks and uncertainties

Whilst we see material demand for the product, we have not yet launched the final product. The key risks are related to supply chain pressures, exchange rate volatility and availability of finance. These risks are monitored by management on a regular basis and mitigated wherever possible.

We have addressed some of the supply chain challenges through forward purchasing of key components utilising venture debt that was secured during the year.

The functional currency of the company is pounds sterling, which is also the presentational currency in these group accounts, and the principal currency of the company's cost base. The functional currency of the company's subsidiary undertaking is US Dollars. Future revenues are expected to be denominated in US Dollars. We hedge our foreign exchange exposures via natural hedges.

The proliferation of LEO capacity and the global security and economic challenges give us confidence that the demand for our product is strong and growing. We have an extensive and growing qualified pipeline which sees out forecast first year revenues covered threefold.

As with most deep tech start-ups we remain a capital-intensive business and we will require additional funding to see us through to free positive cashflow. The directors are confident that the required funding will be made available as required.

On behalf of the board

J Finney
Director

19 July 2023

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and consolidated financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group is the development of an electronically steered antenna with multi-orbit capability together with significant software value added services. The modular design of the antenna will allow us to address the full ecosystem of satellite communications. In August 2022, the company changed its name from Isotropic Systems Limited to ALL.SPACE Networks Limited.

Results and dividends

The results for the year are set out on page 9.

No ordinary or preference dividends were paid in the current or prior year.

Directors

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

J A Bruegger	(resigned 6 July 2023)
J W Dick	(resigned 6 July 2023)
R Dooner	
J Finney	
M Lohnert	(appointed 5 July 2023)
P C K McCall	(appointed 5 July 2023)

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.

Financial risk management objectives and policies

The group's main financial instruments comprise cash and various trading items such as trade debtors and creditors. The group also has redeemable preference shares (or "preferred shares"). The main purpose of these instruments is to provide finance for the group's operations.

There are limited risks arising to the group as a result of these instruments and the directors agree policies for the management of these risks, which are summarised below:

Liquidity risk

The group seeks to minimise financial risk by ensuring that appropriate liquidity is available to meet foreseeable requirements. The group's policy is that no trading in financial instruments shall be undertaken until the group meets the objective of funding its own operations.

Foreign currency risk

The group earns a proportion of its income and pays a proportion of its expenses in currencies other than Sterling. The foreign currency used primarily being US Dollars and Euros. Changes in the exchange rate between Sterling and the US Dollar or Sterling and the Euro can expose the group to exchange gains and losses. Local operations in the US create a natural hedge against some of the currency movements and the directors regularly monitor currency balances across the net operating income by currency incurred by the group to manage the foreign currency risk.

Credit risk

The group seeks to minimise any credit risk by dealing only with established or financially sound clients. It also establishes clear contractual relationships and identifies any credit issues in a timely manner. Credit checks are performed on all customers to manage potential exposure for non-payment.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Cash flow risk
To date the group has been loss making as it invests in its research and development activities. The cash position is regularly monitored and the company raised further financing in the year via the borrowing facility it has in place.

Research and development
Over the last four years, the group has focused heavily on research and development and the group has developed a high-powered computational modelling capability to enable creation of a new kind of microwave refractive beamformer that allows exceptionally tight control over the propagation of radio waves beyond that possible previously. These capabilities leverage new developments in computational modelling, material science, and microwave electronics resulting in a capability that allows the group to produce a specification that satisfies the design constraints for any specific application for satellite communications.

The group's team of industry experts and scientists have achieved innovative antenna design, providing a low- cost solution that can be deployed anywhere in the world quickly, without specialist equipment or training, and in any operational environment. The group's unique satellite communications design incorporates the foundations of a cutting-edge scientific field known as transformation optics, to significantly improve all aspects of bandwidth performance and reduce manufacturing costs, compared to a traditional phased-array and all other variants of flat-panel satellite antennas currently available on the market. The group's antenna system is designed to be used in many transportation systems such as aeronautical, bus and coach, commercial maritime, ferry, rail and defense vehicles. Our US subsidiary is mainly undertaking commercial activities.

Post reporting date events
Since the year end, the business has successfully delivered its first terminal to one of our customers for testing over their network. This milestone marks one of the final steps before the company launches its smart terminal to the defence and commercial markets.

On the 5 July 2023, the group successfully completed its initial close of its series C funding of $24m. The second phase is expected to close within 90 days with additional funds up to a total of $50 million with an allowance for an over subscription of up to a further $25m.

Future developments
The principal activity of the company and group continues to be to develop and sell software enabled antennas and related applications for the satellite industry.

Auditor
KPMG LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern
Notwithstanding consolidated net current liabilities of £96.4m at the reporting date, a consolidated loss for the year of £26.3m and consolidated operating cash outflows for the year of £15.4m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group is in the development phase of its lifecycle and is looking to bring products to the market in the future. The financial position of the group, its cash flows and liquidity position and borrowing facilities are described in the primary statements and notes to these financial statements.

As part of their going concern assessment, the Directors have prepared budgets and cash flow forecasts for a period of 12 months ("the going concern assessment period") from the date of these financial statements. These cash flows indicate that additional funding will be required to ensure the group can continue to grow and develop in line with its business plans and meet its liabilities as they fall due during the going concern assessment period.

The group has a history of successfully obtaining funding necessary to support its plans and on the 5 July 2023, the group successfully completed its initial close of its series C funding of $24m. The second phase is expected to close within 90 days with additional funds up to a total of $50 million with an allowance for an over subscription of up to a further $25m.

Based on the above indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of material uncertainty may cast significant doubt on the group's and the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

On behalf of the board

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J Finney
Director
Registered office:
Unit 1, Now Building
Thames Valley Park Drive
Reading
RG6 1RB

19 July 2023

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report and the Directors' 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). 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 group and company, 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 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL.SPACE NETWORKS LIMITED

Opinion

We have audited the financial statements of ALL.SPACE Networks Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated and Parent Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.
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 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the group's and parent company's ability to continue as a going concern is dependent on the successful completion of a future funding round. These events and conditions, along with the other matters explained in note 1 constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.
Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for loss of contract. On this audit we do not believe there is a fraud risk related to revenue recognition because there are few revenue transactions given the entity is in the early phase of its lifecycle.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual combination with cash accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the [strategic report and the] directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Michael Crowson

Michael Crowson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD
20 July 2023

ALL.SPACE NETWORKS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	5,175,969	6,200,666
Administrative expenses	7	(24,499,607)	(21,246,308)
Other operating income	3	3,610,844	482,136
Operating loss	7	(15,712,794)	(14,563,506)
Interest receivable and similar income	9	2,958	-
Interest payable and similar expenses	10	(506,962)	(289)
Fair value loss on financial liability	11	(13,245,491)	(49,750,803)
Loss before taxation		(29,462,289)	(64,314,598)
Tax on loss	12	3,606,764	2,331,139
Loss for the financial year		(25,855,525)	(61,983,459)
Other comprehensive income			
Currency translation differences		(409,094)	123,361
Total comprehensive income for the year		(26,264,619)	(61,860,098)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	13		1,180		-
Tangible assets	14		2,429,431		960,951
			2,430,611		960,951
Current assets					
Stocks	16	954,328		-	
Debtors	18	11,508,324		6,767,049	
Cash at bank and in hand		22,140,996		31,816,839	
		34,603,648		38,583,888	
Creditors: amount falling due within one year	19	(131,026,287)		(115,518,935)	
Net current liabilities			(96,422,639)		(76,935,047)
Total assets less current liabilities			(93,992,028)		(75,974,096)
Creditors: amount falling due after more than one year	20		(9,787,277)		(1,972,635)
Net liabilities			(103,779,305)		(77,946,731)
Capital and reserves					
Called up share capital	24		30		29
Share premium account			180,855		148,416
Capital redemption reserve			1		1
Profit and loss reserves			(103,960,191)		(78,095,177)
Total equity			(103,779,305)		(77,946,731)

The financial statements were approved by the board of directors and authorised for issue on 19 July 2023 and are signed on its behalf by:

....

J Finney
Director

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes		2022 £		2021 £
Fixed assets					
Intangible assets	13		1,180		-
Tangible assets	14		2,369,019		918,968
Investments			179,450		125,916
			2,549,649		1,044,884
Current assets					
Stocks	16	954,328		-	
Debtors falling due after more than one year	18	7,003,570		3,828,972	
Debtors falling due within one year	18	10,410,029		6,098,914	
Cash at bank and in hand		21,158,149		31,679,334	
		39,526,076		41,607,220	
Creditors: amount falling due within one year	19	(130,253,260)		(115,068,639)	
Net current liabilities			(90,727,184)		(73,461,419)
Total assets less current liabilities			(88,177,535)		(72,416,535)
Creditors: amount falling due after more than one year	20		(9,787,277)		(1,972,635)
Net liabilities			(97,964,812)		(74,389,170)
Capital and reserves					
Called up share capital	24		30		29
Share premium account			180,855		148,416
Capital redemption reserve			1		1
Profit and loss reserves			(98,145,698)		(74,537,616)
Total equity			(97,964,812)		(74,389,170)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £24,007,687 (2021: £60,743,899 loss).

The financial statements were approved by the board of directors and authorised for issue on 19 July 2023 and are signed on its behalf by:

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J Finney
Director

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2021		29	142,222	1	(16,379,641)	(16,237,389)
Year ended 31 December 2021:						
Loss for the year		-	-	-	(61,983,459)	(61,983,459)
Other comprehensive income:						
Currency translation differences		-	-	-	123,361	123,361
Loss and total comprehensive income for the year		-	-	-	(61,860,098)	(61,860,098)
Issue of share capital	24	-	6,194	-	-	6,194
Credit to equity for equity settled share-based payments	6	-	-	-	144,562	144,562
Balance at 31 December 2021		29	148,416	1	(78,095,177)	(77,946,731)
Year ended 31 December 2022:						
Loss for the year		-	-	-	(25,855,525)	(25,855,525)
Other comprehensive income:						
Currency translation differences		-	-	-	(409,094)	(409,094)
Loss and total comprehensive income for the year		-	-	-	(26,264,619)	(26,264,619)
Issue of share capital	24	1	32,439	-	-	32,440
Credit to equity for equity settled share-based payments	6				399,605	399,605
Balance at 31 December 2022		30	180,855	1	(103,960,191)	(103,779,305)

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2021		29	142,222	1	(13,938,279)	(13,796,027)
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(60,743,899)	(60,743,899)
Issue of share capital	24	-	6,194	-	-	6,194
Credit to equity for equity settled share-based payments	6	-	-	-	144,562	144,562
Balance at 31 December 2021		29	148,416	1	(74,537,616)	(74,389,170)
Year ended 31 December 2022:						
Loss and total comprehensive income for the year		-	-	-	(24,007,687)	(24,007,687)
Issue of share capital	24	1	32,439	-	-	32,440
Credit to equity for equity settled share-based payments	6	-	-	-	399,605	399,605
Balance at 31 December 2022		30	180,855	1	(98,145,698)	(97,964,812)

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes		2022		2021
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	26		(15,019,168)		(16,486,246)
Interest paid			(402,253)		(289)
Income taxes received			-		1,059,204
Net cash outflow from operating activities			(15,421,421)		(15,427,331)
Investing activities					
Purchase of intangible assets		(1,416)		-	
Purchase of tangible fixed assets		(1,913,009)		(586,633)	
Proceeds on disposal of tangible fixed assets		-		450	
Net cash used in investing activities			(1,914,425)		(586,183)
Financing activities					
Proceeds from issue of ordinary shares		32,439		6,194	
Proceeds from issue of preference shares		-		25,630,505	
Proceeds from issue of warrants		-		1,195,303	
Proceeds from borrowings		7,825,085		-	
Net cash generated from financing activities			7,857,524		26,832,002
Net (decrease)/increase in cash and cash equivalents			(9,478,322)		10,818,488
Cash and cash equivalents at beginning of year			31,816,839		20,867,907
Effect of foreign exchange rates			(197,521)		130,444
Cash and cash equivalents at end of year			22,140,996		31,816,839

The accompanying notes on pages 15 - 35 form an integral part of these financial statements.

1 Accounting policies

Company information

ALL.SPACE Networks Limited (formerly known as Isotropic Systems Ltd) ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 1, Now Building, Thames Valley Park Drive, Reading, Berkshire, RG6 1RB.

The group consists of the company and its US subsidiary, ALL.SPACE Networks Inc. (formerly known as Isotropic Systems Inc.)

The company's and group's principal activities and nature of its operations are disclosed in the Strategic Report and the Directors' Report.

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.

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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The individual financial statements of the company are included in these consolidated financial statements. The company is a qualifying entity for the purpose of FRS 102, being the parent company of a group that prepares publicly available consolidated financial statements, including the individual financial statements of the company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

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

Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies (Continued)

Going concern

Notwithstanding consolidated net current liabilities of £96.4m at the reporting date, a consolidated loss for the year of £26.3m and consolidated operating cash outflows for the year of £15.4m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group is in the development phase of its lifecycle and is looking to bring products to the market in the future. The financial position of the group, its cash flows and liquidity position and borrowing facilities are described in the primary statements and notes to these financial statements.

As part of their going concern assessment, the Directors have prepared budgets and cash flow forecasts for a period of 12 months ("the going concern assessment period") from the date of these financial statements. These cash flows indicate that additional funding will be required to ensure the group can continue to grow and develop in line with its business plans and meet its liabilities as they fall due during the going concern assessment period.

The group has a history of successfully obtaining funding necessary to support its plans and on the 5 July 2023, the group successfully completed its initial close of its series C funding of $24m. The second phase is expected to close within 90 days with additional funds up to a total of $50 million with an allowance for an over subscription of up to a further $25m.

Based on the above indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of material uncertainty may cast significant doubt on the group's and the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The group applies the revenue recognition criteria to separately identifiable components of contracts when necessary to reflect the substance of the transactions. Conversely, the group applies the revenue recognition criteria to two or more transactions in a contract when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.

Revenue from transactions for the provision of research and development consultancy services is recognised by reference to the stage of completion of the transaction at the end of the reporting period when the stage of completion can be estimated reliably, and when the amount of revenue can be measured reliably and it is probable the economic benefits associated with the transaction will flow to the group. 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 amount of the expenses recognised that are probable to be recovered.

Research and development expenditure

All research and development expenditure is recognised in profit or loss in the year in which it is incurred.

Intangible fixed assets other than goodwill

Separately purchased intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Software	33.3% straight line

1 Accounting policies (Continued)

Tangible fixed assets

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

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

Leasehold improvements	12.5% straight line
Plant and equipment	12.5% - 33% straight line
Fixtures and fittings	12.5% straight line
IT equipment	33% straight line

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.

Stocks

Stocks are measured at the lower of cost and selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other cost incurred in bringing the stock to its present location and condition.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The group 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 when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other debtors, are initially measured at transaction price and are subsequently carried at amortised cost, being transaction price less amounts settled and any impairment losses.

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 group after deducting all of its liabilities.

Redeemable preferred shares, which also contain an equity conversion option, are classified as financial liabilities. Where the equity conversion option fails the fixed for fixed rule in section 22- 'Liabilities and Equity' ('section 22') of FRS 102, such that the group may be obliged to deliver a fixed number of its own equity instruments for a variable amount of debt on conversion, the equity conversion option is also classified as a financial liability. As a result, redeemable preferred shares are classified wholly as financial liabilities with no equity component.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price and subsequently carried at amortised cost, being transaction price less amounts settled.

Other financial liabilities

The group had convertible loan notes in issue that could be redeemed in cash or converted into equity depending on a number of future events. The equity conversion option was such that the group was obliged to deliver a variable number of its own equity instruments on conversion. The convertible loan notes were measured at fair value through profit and loss. Fair value has been measured by considering the likely economic outflows under different conversion events and applying a weighting to each outcome to determine the weighted average expected economic outflow. The weighted average expected economic outflow has been discounted on the basis of the weighted average cost of capital a third party investor would apply for such an equity investment in a company with a risk/return profile such as ALL.SPACE Networks Limited. This approach represents a level 3 valuation in the FRS 102 fair value hierarchy.

The group has redeemable preference shares in issue, which also contain an equity conversion option. The equity conversion option fails the fixed for fixed rule in section 22 of FRS 102 because the group may be obliged to deliver a fixed number of its own equity instruments for a variable amount of debt on conversion. As a result redeemable preference shares are classified and accounted for wholly as financial liabilities with no equity component. The redeemable preference shares are measured at fair value through profit and loss. The fair value has been measured by using the fair value of the group's equity, based on the latest financing round, and applying it at the reporting date to the equity conversion option in the preference shares. This approach has been used as a reasonable proxy to what the fair value of the debt component and the equity conversion option would be calculated respectively, by discounting the debt element using a discount factor representative of the weighted, average cost of capital a third party investor would apply for an investment in a company with a risk/return profile such as the company, and calculating the equity conversion option using a valuation methodology which includes (as an input) the fair value of the group's equity, based on the latest financing round.

Certain of the redeemable preferred shares in issue were issued concurrently with warrants, granting the holder the right to subscribe for ordinary shares in the company for a fixed price. The warrants vested at the point the investor subscribed for the preferred shares. The warrants are accounted for under section 22 of FRS 102, with the consideration received for the preferred shares bifurcated on initial recognition between consideration for the preferred shares, and consideration for the warrants. The initial consideration, and the exercise price, are both denominated in US dollars, and as a result, the obligation to deliver shares fails the fixed for fixed rule in section 22 of FRS 102, resulting in the warrants being accounted for wholly as a financial liability, with no equity component. The warrants are measured at fair value through profit and loss. The fair value has been measured by using the fair value of the group's equity, based on the latest financing round.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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 group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

1 Accounting policies (Continued)

Taxation (continued)
Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits
The costs of short-term employee benefits are recognised as an expense as incurred. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

In the individual company financial statements, the expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary. The expense in relation to options over the company's shares granted to employees of the company is recognised in profit or loss. A corresponding adjustment is made to equity.

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.

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to expenditure are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred, it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Research and Development Expenditure Credit
Where research and development expenditure meets the required criteria specified by the local taxation authority to qualify as "qualifying research and development" expenditure and therefore entitles the group to a credit ('RDEC'), then this amount is credited to other operating income in the Statement of Comprehensive Income.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction and not subsequently re-translated. All such translation differences are taken to profit or loss.

Assets and liabilities of overseas subsidiaries are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the reporting period, as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Fair value measurement of convertible loans

Convertible loan notes have been measured at fair value through profit and loss. The directors carried out an in-house directors' valuation to determine the fair value in the prior year immediately before the convertible loan notes were converted to preferred shares. Fair value in the prior year, immediately before convertible loan notes were converted to preferred shares, was based on the price per share in the company's latest financing round, completed on 24 September 2021.

Fair value measurement of preferred shares

Redeemable preferred shares are measured at fair value through profit and loss. The fair value at reporting has been calculated by applying the market value of the price per share in the company's latest financing round, completed on 24 September 2021 and applying it at the reporting date to the equity conversion option in the preferred shares. This approach has been used as a reasonable proxy to what the fair value of the debt component and the equity conversion option would be calculated respectively, by discounting the debt element using a discount factor representative of the weighted average cost of capital a third party investor would apply for an investment in a company with a risk/return profile such as ALL.SPACE Networks Limited, and calculating the equity conversion option using a valuation methodology which includes (as an input) the fair value of the company's equity, based on the latest financing round.

Accounting and fair value measurement of warrants

During the prior year, the company issued 367,114 Series B1 preferred shares to an investor for an aggregate subscription price of $8,000,000. At the same time the company entered into a warrant agreement with the same investor, whereby the investor is entitled to subscribe for up to 95,812 ordinary shares in the company for a subscription price of $7.57 per share. The warrant agreement vested at the point the Series B1 preferred shares were issued, and the options are currently exercisable. The latest date on which the options will lapse is 24 September 2029, but the date on which they lapse depends on various other factors.

The directors have exercised a critical judgement in determining that the warrants were not issued as consideration in a commercial arrangement with the investor and should not therefore be accounted for as a share-based payment arrangement in accordance with Section 26- 'Share-based Payment' of FRS 102 ('Section 26' of FRS 102). Instead, the directors have concluded that the warrants were issued to the investor, in their capacity as an investor, and should be accounted for as such. This is on the basis that there were no other vesting conditions other than the subscription to Series B1 preferred shares, and no goods or services have been identified as having been received in return for the grant of warrants. As a result, the consideration of $8,000,000 (£5,775,213 as converted into sterling at the date of the transaction) has been bifurcated between consideration of £4,579,910 for the Series B1 preferred shares, and consideration of £1,195,303 for the warrants. The consideration has been bifurcated based on the directors' assessment of the relative fair values of the Series B1 preferred shares and the warrants at the date of initial recognition, as calculated based on the relative number of Series B1 preferred shares (367,114) and the number of warrants (95,813).

2 Judgements and key sources of estimation uncertainty (Continued)

Accounting and fair value measurement of warrants (Continued)

The directors have assessed the warrants against the criteria in Section 22- 'Liabilities and Equity' of FRS 102 ('Section 22' of FRS 102) to determine if the arrangement should be accounted for as debt, or equity. The number of shares the company will issue on conversion is fixed, but the consideration initially received for the warrants, and the subscription price for the ordinary shares under the agreement ($7.57), are both denominated in US$. As a result, the consideration for the shares is fixed in US dollars but varies because the functional currency of the company is sterling. The directors have applied common practice under UK GAAP and determined that that the 'fixed-for fixed criterion in section 22 of FRS 102 is not met, and thus that the warrant liability, initially measured at £1,195,303, is accounted for as a financial liability measured at fair value through profit and loss.

The fair value at the reporting date has been measured by using the fair value of the group's equity, based on the latest financing round on 24 September 2021.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Provision of research and development consultancy services	5,175,969	6,200,666

	2022	2021
Turnover analysed by geographical market	£	£
United Kingdom	833,651	63,633
Europe	1,104,321	4,767,412
USA	3,237,997	1,369,621
	5,175,969	6,200,666

	2022	2021
Other operating income	£	£
Research and development tax credits	162,303	356,508
PPP loan forgiven	-	125,628
Credit received on settlement of commercial dispute	3,448,541	-
	3,610,844	482,136

4 Employees

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Management and administration	2	2	2	2
Finance and human resources	13	13	12	11
Legal	3	1	3	1
Sales and marketing	18	13	8	6
Engineering	76	55	71	54
Operations	30	12	29	12
Total	142	96	125	86

Their aggregate remuneration comprised:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	12,764,968	8,638,986	10,152,114	3,766,340
Social security costs	1,143,945	880,365	1,019,931	456,167
Pension costs	113,523	77,303	113,523	47,522
	14,022,436	9,596,654	11,285,568	4,270,029

5 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	315,982	310,371
Company pension contributions to defined contribution schemes	1,316	1,316
	317,298	311,687

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	315,982	310,371
Company pension contributions to defined contribution schemes	1,316	1,316
	317,298	311,687

6 Share-based payment transactions

On 31 March 2019, the shareholders of the company approved the Isotropic Systems Incentive Plan 2019 (the "2019 Incentive Plan"), which provides for the granting of qualified and non-qualified stock options and restricted share units to employees and directors of the group. The primary purpose of the 2019 Incentive Plan is to enhance the group's ability to attract, motivate, and retain the services of qualified employees, officers and directors. Any share options under the 2019 Incentive Plan will have a term of not more than 10 years and vesting of the awards will be at the discretion of the board of directors but is not expected to exceed four years.

Group	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January	643,788	503,722	1.87	1.71
Granted	258,605	169,695	5.54	2.35
Exercised	(17,992)	(5,453)	1.80	1.19
Forfeited or Expired	(142,669)	(24,176)	2.25	2.13
Outstanding at 31 December	741,732	643,788	2.97	1.87
Exercisable at 31 December	353,938	222,317	1.71	1.61

The options outstanding at 31 December 2022 had an exercise price ranging from £0.96 to £6.15, and a remaining contractual life of 7.3 years.

Group

The Black-Scholes-Merton option pricing model was used for the valuation of share option awards. Calculating the fair value of share option awards requires the input of subjective assumptions. Other reasonable assumptions could provide differing results.

Inputs were as follows:

	2022	2021
Weighted average share price (£)	1.03	1.19
Weighted average exercise price (£)	1.03	2.35
Expected volatility (%)	36.8-50.56	47.2 - 49.9
Expected life (years)	6.1 - 6.3	6.1 - 6.3
Risk free rate (%)	0.26-3.19	0.6 - 1.1
Expected dividends yields	nil	nil

6 Share-based payment transactions (Continued)

The group has also entered into certain other share-based payment arrangements on behalf of two directors - refer to note 30 for further details.

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Expenses recognised in the year				
Arising from equity settled share based payment transactions	407,351	144,562	371,196	106,318

7 Operating loss

Operating loss for the year is stated after charging/(crediting):	2022 £	2021 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(2,352,855)	(12,806)
Research and development costs	4,249,561	6,282,475
Government grants	-	(125,628)
Depreciation of owned tangible fixed assets	444,529	294,720
Loss on disposal of tangible fixed assets	-	2,225
Amortisation of intangible assets	236	17,634
Share-based payments	407,351	144,562
Operating lease charges	796,421	593,839

	2022	2021
	£	£
Breakdown of expenses by nature		
Research and development costs	4,249,561	6,282,475
Staff costs	14,022,436	9,596,654
Operating lease charges	796,421	593,839
Depreciation	444,529	294,720
Other expenses	4,986,660	4,478,620
Total administrative expenses	24,499,607	21,246,308

8 Auditor's remuneration

	2022	2021
For audit services	£	£
Audit of the financial statements of the group and company	86,700	75,000

9 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	(2,958)	-

10 Interest payable and similar expenses

	2022	2021
	£	£
Other interest on financial liabilities	506,962	289

11 Other gains and losses

	2022	2021
	£	£
Fair value gains/(losses)		
Change in the value of financial liabilities held at fair value through profit or loss	(13,245,491)	(49,750,803)

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	(3,607,216)	(2,331,139)
Adjustments in respect of prior periods	452	-
Total current tax	(3,606,764)	(2,331,139)
Deferred tax		
Adjustment in respect of prior periods	-	-
Total tax credit	(3,606,764)	(2,331,139)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(29,462,289)	(64,314,598)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(5,597,835)	(12,219,774)
Tax effect of expenses that are not deductible in determining taxable profit	(10,542)	47,426
Adjustments in respect of prior years	452	-
Research and development	(1,534,561)	(964,049)
Deferred tax not recognised on carried forward losses	1,073,866	791,570
Other	(54,787)	561,035
Disallowed fair value movement on financial instruments	2,516,643	9,452,653
Taxation credit	(3,606,764)	(2,331,139)

12 Taxation (Continued)

In addition to the above, £162,303 (2021: £356,508) has been recognised in other operating income relating to above the line (ATL) research and development tax credits, of which £nil (2021: £nil) relates to an update of the prior year claim.

The UK Budget 2021 announcements on 31 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

The group has a potential deferred tax assets of £4,915,326 (2021: £3,623,118) measured at 25% on tax losses of £19,572,566 (2021: £14,492,473) and other short-term timing differences of £88,736 (2021: £23,596) which have not been recognised because future profits are uncertain or will be recovered against the reversal of potential deferred tax liabilities of £536,025 (2021: £201,044) measured at 25% on accelerated capital allowances of £2,144,099 (2021: £804,176).

13 Intangible fixed assets

Group	Software
	£
Cost	
At 1 January 2022	30,843
Addition	1,416
At 31 December 2022	32,259
Amortisation and impairment	
At 1 January 2022	30,843
Charge for the year	236
At 31 December 2022	31,079
Carrying amount	
At 31 December 2022	1,180
At 31 December 2021	-

Company	Software
	£
Cost	
At 1 January 2022	18,003
Addition	1,416
At 31 December 2022	19,419
Amortisation and impairment	
At 1 January 2022	18,003
Charge for the year	236
At 31 December 2022	18,239
Carrying amount	
At 31 December 2022	1,180
At 31 December 2021	-

14 Tangible fixed assets

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	IT equipment	Total
					£
Cost					
At 1 January 2022	201,670	841,627	24,893	431,894	1,500,084
Addition	168,552	1,340,629	139,073	259,773	1,908,027
Exchange Differences	-	16,268	2,494	6,070	24,832
At 31 December 2022	370,222	2,198,524	166,460	697,737	3,432,943
Depreciation and impairment					
At 1 January 2022	26,338	262,192	11,292	239,311	539,133
Charge for the year	35,020	261,565	5,967	141,977	444,529
Exchange Differences	-	13,557	1,195	5,098	19,850
At 31 December 2022	61,358	537,314	18,454	386,386	1,003,512
Carrying amount					
At 31 December 2022	308,864	1,661,210	148,006	311,351	2,429,431
At 31 December 2021	175,332	579,435	13,601	192,583	960,951

Company	Leasehold improvements	Plant and equipment	Fixtures and fittings	IT equipment	Total
					£
Cost					
At 1 January 2022	201,670	704,541	3,876	380,753	1,290,840
Addition	168,552	1,340,629	116,842	232,752	1,858,775
At 31 December 2022	370,222	2,045,170	120,718	613,505	3,149,615
Amortisation and impairment					
At 1 January 2022	26,338	147,954	1,221	196,359	371,872
Charge for the year	35,020	236,006	2,404	135,294	408,724
At 31 December 2022	61,358	383,960	3,625	331,653	780,596
Carrying amount					
At 31 December 2022	308,864	1,661,210	117,093	281,852	2,369,019
At 31 December 2021	175,332	556,587	2,655	184,394	918,968

15 Fixed asset investments

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Investments in subsidiaries	17	-	-	179,450	125,916

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2022	125,916
Addition	53,534
At 31 December 2022	179,450
Carrying amount	
At 31 December 2022	179,450
At 31 December 2021	125,916

Additions to investments in subsidiaries of £53,534 (2021: £38,244) are in respect of the share option charge for employees of the company's subsidiary undertaking.

16 Stocks

	2022	2021
	£	£
Raw materials and consumables	954,328	-

Stocks are stated after provisions for impairment of £300,000 (2021: £nil)

17 Subsidiaries

Details of the company's subsidiary at 31 December 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of Share held	% Held Direct
ALL.SPACE Networks Inc.	1	Provision of R&D services	Ordinary	100.00

Registered office address:

1 8 Market Place, Suite 381, Baltimore, MD 21202,USA

18 Debtors

	Group 2022	Group 2021	Company 2022	Company 2021
Debtors falling due within one year	**£**	**£**	**£**	**£**
Trade debtors	1,770,195	395,910	1,562,014	44
Corporation tax receivable	6,460,399	2,688,374	6,460,399	2,688,374
Other debtors	1,196,549	413,621	1,170,377	400,280
Prepayments and accrued income	2,081,181	3,269,144	1,217,239	3,010,216
	11,508,324	6,767,049	10,410,029	6,098,914
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	7,003,570	3,828,972
	11,508,324	6,767,049	17,413,599	9,927,886

Amounts owed by group undertakings are unsecured, interest free and repayable on demand, but are expected to be recovered in more than one year from the reporting date.

19 Creditors: amounts falling due within one year

	Note	Group 2022	Group 2021	Company 2022	Company 2021
		£	£	£	£
Preference shares classified as a financial liability		123,131,711	110,069,304	123,131,711	110,069,304
Warrant liability		1,725,829	1,542,746	1,725,829	1,542,746
Loan	21	518,247	-	518,247	-
Trade creditors		2,396,323	491,925	2,382,040	473,328
Other taxation and social security		8,691	218,034	7,884	218,034
Other creditors		88,138	55,167	113,008	42,313
Accruals and deferred income		3,157,348	3,141,759	2,374,541	2,722,914
		131,026,287	115,518,935	130,253,260	115,068,639

The company has Series A, Series A1, Series B1, Series B2 and Series B3 Preferred shares in issue which are classified and accounted for as financial liabilities measured at fair value through profit and loss - refer to note 24 for details of the terms.

The Series A, Series A1, Series B1, Series B2 and Series B3 Preferred shares are convertible into ordinary shares at the option of the preferred shareholders. Whilst the directors do not expect the shares to convert into ordinary shares within one year of the reporting date, the company does not have unconditional right to prevent the conversion from happening. The financial liability has therefore been classified in creditors: amounts falling due within one year at the reporting date.

19 Creditors: amounts falling due within one year (continued)

The company has issued warrants which are classified and accounted for as a financial liability measured at fair value through profit and loss- refer to accounting policies and note 2 for further details. The warrants give the holder the right to subscribe for ordinary shares in the company at any point. The financial liability has therefore been classified in *creditors: amounts falling due within one year at the reporting date.*

20 Creditors: amounts falling due after more than one year

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Loan	21	7,628,812	-	7,628,812	-
Accruals and deferred income		2,158,465	1,972,635	2,158,465	1,972,635
		9,787,277	1,972,635	9,787,277	1,972,635

During the year, the company entered into a loan agreement with Trinity Capital Inc., which allows the company to borrow up to a maximum of $20.0m of which at the reporting date $10.0m had been drawn down. Interest accrues at the greater of the Prime rate plus 7% or 11.5% The loan is secured by fixed and floating charges over the Group's assets and is repayable by installments due between October 2023 and September 2027.

21 Borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Loans:				
Payable within one year	518,247	-	518,247	-
Payable after more than one year	7,628,812	-	7,628,812	-
	8,147,059	-	8,147,059	-

22 Financial instruments

	Group		Company	
	2022	2021	2022	2021
Carrying amount of financial liabilities	£	£	£	£
Measured at fair value through profit or loss				
- Preference shares classified as a financial liability (note 19)	123,131,711	110,069,304	123,131,711	110,069,304
- Warrant liability (note 19)	1,725,829	1,542,746	1,725,829	1,542,746
	124,857,540	111,612,050	124,857,540	111,612,050

23 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	113,523	77,303

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totaling £52,999 (2021: £nil) were payable to the fund at the year end and are included in creditors.

24 Share capital

Ordinary share capital Issued and fully paid	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of 0.001p each	1,120,397	1,102,405	12	11
B Ordinary shares of 0.001p each	146,700	146,700	1	1
	1,267,097	1,249,105	13	12

Preference shares classified as equity Issued and fully paid	2022 Number	2021 Number	2022 £	2021 £
Preferred shares of 0.001p each	1,701,000	1,701,000	17	17
Total classified as equity	2,968,097	2,950,105	30	29
Preference shares classified as financial liabilities				
Series A Preferred shares of 0.001p each	3,487,266	3,487,266	35	35
Series A1 Preferred shares of 0.001p each	237,149	237,149	2	2
Series B1 Preferred shares of 0.001p each	1,705,245	1,705,245	17	17
Series B2 Preferred shares of 0.001p each	2,598,700	2,598,700	26	26
Series B3 Preferred shares of 0.001p each	243,014	243,014	2	2
	8,271,374	8,271,374	82	82

24 Share capital (Continued)

All shares except B Ordinary shares carry an equal right per share to vote at general meetings of the company. The Ordinary shares, B Ordinary shares and Preferred shares (preference shares classified as equity) rank pari passu for *dividends. Series A, Series A1, Series B1, Series B2, and Series B3 Preferred shares (the 'preferred shares') confer on* the holders the right to receive in priority to the rights of all other shareholders, a fixed non-cumulative preferential dividend ('the preferred dividend'), currently at the rate of $0.133695 per share for Series A and Series A1 preferred shares and $0.6552 per share for Series B1, Series B2, and Series B3 preferred shares.

The company is not obliged to declare or pay the preferred dividend in respect of any financial year. No dividend may be declared or paid by the company on the Ordinary shares unless all accruals of the preferred dividend, in respect of that financial year, have been paid to the preferred shareholders pari passu as if they constituted one and the same class. On a liquidation the preferred shareholders have priority for payment of an amount equal to the original subscription price of their shares, plus any arrears or accruals of the preferred dividend.

The preferred shares are redeemable at the option of a majority of the preferred shareholders at any time after 1 January 2025 at an amount equal to the original subscription price of the shares, plus any accruals or arrears of the preferred dividend. Should an exit event occur leading to a change in control of the company, the preferred shares are redeemable at the option of a majority of the preferred shareholders.

The preferred shares are convertible into Ordinary shares at a fixed conversion ratio, defined in the company's articles for each class of preferred shares, at the option of the preferred shareholders.

The Series A2 preference shares also convert automatically into an equal number of the same class of shares of the company into which the company's convertible loans convert to, on the same date as the convertible loans convert - refer to note 19 for further details of the convertible loans.

During the year, the company issued 17,992 (2021: 5,453) Ordinary shares of 0.001p each for cash consideration of £32,440 (£6,194).

During the prior year, the company issued 1,705,245 Series B1 Preferred shares of 0.001p each for cash consideration of £26,825,808 and issued 2,598,700 Series B2 Preferred shares of 0.001p each the consideration was in the form of the conversion of loan notes which had carrying value of £16,194,649 at the date of conversion.

25 Reserves

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

26 Cash absorbed by group operations

	2022	2021
	£	£
Loss for the year after tax	(25,855,525)	(61,983,459)
Adjustments for:		
Taxation credited	(3,606,764)	(2,331,139)
Interest income	(2,958)	-
Finance costs	506,962	289
Loss on disposal of tangible fixed assets	-	2,225
Non-cash grant income	-	(125,628)
Amortisation and impairment of intangible assets	236	17,634
Depreciation and impairment of tangible fixed assets	444,529	294,720
Fair value loss on financial liability	13,245,491	49,750,803
Equity settled share based payment expense	407,351	144,562
Movements in working capital:		
Increase in debtors	(2,087,935)	(3,327,018)
Increase in creditors	1,929,445	1,070,765
Cash absorbed by operations	(15,019,168)	(16,486,246)

27 Analysis of changes in net debt - group

	1 January 2022	Cash flows	Other noncash changes	Market value movements	Exchange rate movements	31 December 2022
	£	£	£	£	£	
Cash at bank and in hand	31,816,839	(9,478,322)	-	-	(197,521)	22,140,996
	31,816,839	(9,478,322)	-	-	(197,521)	22,140,996
Borrowings	-	440,757	27,241	-	50,249	518,247
Preference shares classified as a financial liability	(110,069,304)	-	-	(13,062,407)		(123,131,711)
Warrant liability	(1,542,746)	-	-	(183,083)		(1,725,829)
Debt due within 1 year	(111,612,050)	440,757	27,241	(13,245,490)	50,249	(124,339,293)
Borrowings	-	7,384,328	479,721	-	(235,237)	7,628,812
Debt due after 1 year	-	7,384,328	479,721	-	(235,237)	7,628,812
Total net debt	(79,795,211)	(1,653,237)	506,962	(13,245,490)	(382,509)	(94,569,485)

Other non-cash changes relates to the interest charge on borrowing.

28 Operating lease commitments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Within one year	546,774	637,526	393,769	539,692
Between one and five years	1,526,692	33,036	1,526,692	33,036
After more than five years	1,075,831	-	1,075,831	-
	3,149,297	670,562	2,996,292	572,728

Lessee

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

29 Related party transactions

Remuneration of key management personnel

The total remuneration of the directors and senior management, who are considered to be the key management personnel of the group, was as follows:

	2022 £	2021 £
Aggregate compensation	2,638,416	2,098,478

30 Events after the reporting date

Since the year end, the business has successfully delivered its first terminal to one of our customers for testing over their network. This milestone marks one of the final steps before the company launches its smart terminal to the defence and commercial markets.

On the 5 July 2023, the group successfully completed its initial close of its series C funding of $24m. The second phase is expected to close within 90 days with additional funds up to a total of $50 million with an allowance for an over subscription of up to a further $25m.

31 Directors' transactions

On 22 August 2018, the company entered into an award agreement with J W Dick, a director, relating to the issue of 146,700 B Ordinary shares of 0.001p each in the company to J W Dick ("John Dick Award Shares"). The John Dick Award Shares had the following vesting schedule: 20% of the John Dick Award Shares vested on the first anniversary of the commencement date as director of the company, 20% of the John Dick Award Shares vested on the second anniversary of the commencement date as director of the company, 20% of the John Dick Award Shares shall vest on the third anniversary of the commencement date as director of the company, and 40% of the John Dick Award Shares vested upon completion of the company's Series A round financing on 11 January 2019.

On 11 January 2019, as part of the company's Series A round financing, the company entered into a Restricted Share Deed with J Finney, a director, agreeing that 500,000 of the Ordinary Shares already held by J Finney shall be subject to a 2-year vesting period and shall vest in 24 equal monthly instalments beginning one month after the date of Restricted Share Deed.