Registered number: 07267150

EXACTEARTH EUROPE LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

Ashcroft

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Current assets					
Debtors: amounts falling due after more than one year	6	3,236		8,845	
Debtors: amounts falling due within one year	6	382,147		411,540	
Cash at bank and in hand		249,281		390,795	
		634,664		811,180	
Creditors: amounts falling due within one year	7	(3,308,372)		(3,116,134)	
Net current liabilities			(2,673,708)		(2,304,954)
Total assets less current liabilities			(2,673,708)		(2,304,954)
Creditors: amounts falling due after more than one year	8		(4,006)		(4,861)
Net liabilities			(2,677,714)		(2,309,815)
Capital and reserves					
Called up share capital			1		1
Other reserves			-		58,242
Profit and loss account			(2,677,715)		(2,368,058)
			(2,677,714)		(2,309,815)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

....
P Mabson
Director

Date: 13 June 2022

The notes on pages 2 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. General information

The principal activity of the company in the year under review was that of the provision of vessel monitoring information gathered from satellites.

The company is a private company limited by shares and is incorporated in England and Wales.

The registered office address is Sandhills Farm, Braintree Road, Wethersfield, Braintree, Essex, CM7 4AG.

The company's year end has been extended by two months to align it with the year end of it's new parent company. Comparatives are for a 12 month period.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going Concern and Covid-19

exactEarth was acquired by Spire Global Inc. on 30 November 2021. exactEarth is now a fully owned subsidiary of Spire but will continue operating as usual, under the leadership of Peter Mabson, who will report to the Spire CEO, Peter Platzer.

The Company has experienced lower than planned revenue combined with operating losses resulting in a reduction of ongoing operating cash flows. Management has assessed and concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Management applied significant judgment in arriving at this conclusion including:

• the amount of new sales orders and total revenue to be generated to provide sufficient cash flows to continue to fund operations and other committed expenditure

• the timing of generating those new sales and the timing of the related cash flows; and

• the assessment of potentially discretionary expenditures that could be delayed in order to manage cash flows.

Given the judgement involved, actual results may lead to a materially different outcome, but the company will also receive financial support from their parent company Spire Global Inc.

COVID-19 has continued to disrupt during 2021, with measures including travel bans, self-imposed quarantine periods and physical distancing. The company has maintained business as usual throughout 2021 and employees are now beginning to go back into the office. The company has not had to record any credit losses stemming from COVID-19. While the COVID-19 pandemic seems to be easing up around the world, it is not possible to reliably estimate the length and severity and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. Accounting policies (continued)

2.3 Revenue

Income on contracts is recognised as the work is carried out if the financial outcome can be assessed with reasonable certainty. The turnover recognised is based on the proportion of the work carried out at the year-end. For the majority of contracts, progress is measured based on actual time incurred as a proportion of total expected time to complete the contract. However, for equipment fulfillment contracts, revenue is recognised on a percentage completion basis depending on the number of items supplied. Full provision is made for losses on contract in the year in which they are first foreseen.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	10% and 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.9 Share-based compensation

Until September 2021, the company operated share options schemes for its employees and recognised compensation cost for all parent company stock options granted to employees under the exactEarth stock option plan. FRS102 requires that the Company record these amounts as capital contributed by the parent company. The fair value of the direct grants of stock is determined by the quoted market price of the Company's stock at the time of the award and the fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of awards at the date of grant is recorded as an expense in these financial statements and is recognised over the vesting period based on the number of options expected to vest. When options are exercised, they are settled with parent company shares.

Long-term incentive plan

Pre 26 April 2018

The Company has established a long-term incentive plan ("LTIP") for executives and certain employees. Under the terms of this plan, participants are eligible to receive incentive remuneration in the form of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). Each RSU, once vested, entitles the holder to receive the cash value of one common share of the Company. The Company intends to cash settle the RSUs and PSUs to satisfy obligations under the LTIP plan. The estimated value of the RSUs and PSUs is recognised as compensation expense over the vesting period based on the market value of the parent company's shares at the end of each period and the time elapsed during the vesting period and is presented as a liability in the statement of financial position. All cash settled RSU and PSU ceased in the year ended 31 October 2019.

Post 26 April 2018

The company amended the Share unit plan as of April 2018 to enable equity settlement of the RSUs to satisfy obligations under the LTIP plan. The estimated value of the RSUs is recognised as compensation expense over the vesting period based on the grant date value of the Parent Company's shares and the time elapsed during the vesting period.

Employee Share Purchase Plan

The Company implemented the ESPP in July 2016. The ESPP offered employees the option of contributing between 1% and 10% of their gross salary towards the purchase of common shares of the parent company. The parent company issued one share for every four shares that employees purchase during the ESPP year, which runs from 1 March to 28 February. The Company's matching contribution was issued to the employee contingent upon the employee remaining employed by the Company on the last day of the ESPP year. The fair values on the date that the employees commit to purchase shares are used to determine the applicable compensation expense to the Company. The compensation expense is recognised over the period from the date the employee acquires the shares to the date the Company matching shares are issued to the employee.

All employee share plans were terminated in November 2021 upon the acquisition of the immediate parent company by Spire Global. Outstanding options benefitted from accelerated vesting and were settled in full.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

3. Critical judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market fluctuations or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for doubtful debts

The Company establishes a provision for doubtful accounts taking into consideration ageing of the trade accounts receivable, communications with customers, credit issues, and historical losses. The Company will increase the allowance for specific accounts if it has objective evidence that the customer is experiencing significant financial difficulty.

Impairment

The recoverable amount for intangible assets and PP&E is based on estimates of future cash flows and in particular, assumptions regarding the expected market outlook, the discount rate and terminal growth rate applied to future cash flows.

Revenue recognition and contracts in progress

Revenue on monitoring and data contracts is recognised on a percentage of completion basis. In applying the accounting policy on contracts, judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed as at each reporting period and by their nature may give rise to income volatility.

Income/(loss) on completion of contracts accounted for under the percentage of completion method

To estimate income/(loss) on completion, the Company takes into account factors inherent to the contract by using historical and/or forecast data. When total contract costs are likely to exceed total contract revenue, the expected loss is recognised immediately and recorded in "Accounts payable and accrued liabilities" in the consolidated statements of financial position. The accrual is drawn down over the completion of the contract using the percentage of completion method.

4. Employees

The average monthly number of employees, including directors, during the period was 6 (2020 - 5).

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2021	4,652
At 31 December 2021	4,652
Depreciation	
At 1 January 2021	4,652
At 31 December 2021	4,652
Net book value	
At 31 December 2021	-
At 31 December 2020	-

6. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	3,236	8,845
	3,236	8,845

	2021 £	2020 £
Due within one year		
Trade debtors	222,018	332,904
Other debtors	20,729	20,448
Prepayments and accrued income	2,143	4,947
Amounts recoverable on long term contracts	137,257	53,241
	382,147	411,540

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Payments received on account	298,709	354,176
Trade creditors	2,897	42,436
Amounts owed to group undertakings	2,724,387	2,614,690
Other taxation and social security	154,328	22,663
Other creditors	6,531	2,238
Accruals and deferred income	121,520	79,931
	3,308,372	3,116,134

8. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Accruals	4,006	4,861
	4,006	4,861

9. Share based payments

Until November 2021, the company operated share options schemes for it's employees and recognised compensation cost for all parent company stock options granted to employees under the exactEarth stock option plan.

All options and RSUs vested on a 40%, 30% and 30% basis over three years and had a contractual life of six years with the exception of type 2 options, which vested on a 25% and 75% basis over two years.

The estimated fair value of the options is charged to the Statement of Income over the vesting period. For the period ended 31 December 2021, the cost recognised was £36,993 (year ended 31 October 2020: £14,561) which included an additional amount as a result of the accelerated vesting triggered upon the acquisition of the company by Spire Global in November 2021. This amount was accounted for as a capital contribution by the parent company.

All employee share schemes were terminated in November 2021, whereupon all vested and unvested interests were either settled or forfeited.

	Type 1	Type 2	2020 options	2019 RSUs	2020 RSUs	2021 RSUs
	Number	Number	Number	Number	Number	Number
At 1 Nov 2020	8,675	34,626	-	72,500	-	-
Granted in period	-	-	21,690	-	51,268	-
Exercised	-	-	-	(29,000)	-	-
At 31 Oct 2021	8,675	34,626	21,690	43,500	51,268	-
Granted in period	-	-	-	-	-	48,801
Exercised	-	-	(8,676)	(21,750)	(20,507)	-
Settled	-	-	(13,014)	(21,750)	(30,761)	(48,801)
Forfeited	(8,675)	(34,626)	-	-	-	-
Carried forward	-	-	-	-	-	-

10. Long-term incentive plan

The 2019, 2020 and 2021 RSUs vested on a 40%, 30% and 30% basis over three years and have a contractual life of six years. All stock options are accounted for as equity-settled.

All employee share schemes were suspended in September 2021 upon the announcement of the acquisition of exactEarth Ltd by Spire Global, whereupon all vested interested were either settled or forfeited.

11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contribution payable by the company to the fund and amounts to £30,098 (year ended 31 October 2020: £19,230). At the period end contributions of £6,531 are outstanding and included in other creditors (31 October 2020: £nil).

12. Other financial commitments

The company's assets are subject to a fixed and floating charge held by the bankers of its parent company.

13. Controlling party

The immediate parent company is exactEarth Ltd, incorporated in Canada. The ultimate parent company is Spire Global Inc, a public company incorporated in the USA.

14. Auditors' information

The auditors' report on the financial statements for the period ended 31 December 2021 was unqualified.

The audit report was signed on 13 June 2022 by Angela Sleat FCA (Senior statutory auditor) on behalf of Ashcroft Partnership LLP.