



Annual Report and Consolidated Financial Statements
For the year ended 31 March 2023

COMPANY INFORMATION

Directors	Wicher Kist (Chief Executive Officer) Resigned 17th April 2023 Steven Harrison (Chief Financial Officer) Anthony Gott (Executive Chairman) Emmanuel Clair (Non-Executive Director) David Wilkinson (Non-Executive Director) Seshu Bhagavathula (Non-Executive Director) Devyani Vaishampayan (Non-Executive Director) Appointed 5 December 2022
Company number	06744840
Registered and Head Office	Riverbank House 2 Swan Lane London EC4R 3TT
Group website	www.saiettagroup.com
Company secretary	Fieldfisher Secretaries Limited
Nominated adviser	Cannacord Genuity Limited 88 Wood Street London EC2V 7QR
Legal advisers	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Patent attorneys	Reddie & Grose LLP The White Chapel Building 10 Whitechapel High Street London E1 1QS
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Financial public relations advisers	FTI Consulting LLP 200 Aldersgate London EC1A 4HD

COMPANY INFORMATION

Registrars

Share Registrars Limited
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Corporate advisers

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Gross proceeds raised through placings

£23.6m

(2022: £37.5m)

Turnover

£2.1m

(2022: £1.4m²)

Gross profit

£0.7m

(2022: £0.8m²)

Cash, cash equivalents and bank deposits at 31 March 2023 of

£7.2m

(2022: £18.4m)

Loss per share

21p

(2022: 14p²)Adjusted EBITDA¹ loss for the year

£14.0m

(2022: £4.4m loss²)

OPERATIONAL HIGHLIGHTS

Saietta Group plc (“Saietta”, the “Company”, the “Group”) has continued to develop its core AFT motor technology with notable success in securing customers for E-axes built upon the AFT motor topology. The addition of a facility in Sunderland has allowed the Group to successfully attain a material purchase order for export to the USA.

Notable developments include:

- Award to Saietta VNA of major supply contract in India for a Tier 1 OEM.
- Award on 3rd April 2023 of major supply contract for Ayro Inc. with purchase order for 3,000 units at c.£5m order value deliverable in Q3 2023 and 2024.
- Established an engineering centre of excellence with a prototype manufacturing and testing facility at Silverstone Park in April 2023.
- Established a semi-automated production facility in Sunderland with an internal target to reach full utilisation within the financial period.
- Discontinuance of the Retromotion activity within Heavy Duty activities.
- Decision to discontinue the Propel B.V. marine retail business by seeking an industrialization partner, with a linked sale of intellectual property and distribution rights.
- Post year end transfer of in-wheel generator and in-wheel motor projects to ConMet.
- Post year end opening of Saietta VNA's all-new 33,000 sq-ft production facility in Delhi, India, utilising a largely local supply chain, commencing on one production shift with ambition to move to a second shift upon further contract wins.

BOARD APPOINTMENTS

- Strengthened the Board with the appointment of a new Non-Executive Director, Devyani Vaishampayan.
- Subsequent to the year-end, Mr. Wicher Kist resigned as Chief Executive Officer and Mr. Anthony Gott was appointed as interim Chief Executive Officer in addition to his Executive Chairman role.
- On 2nd October 2023 Mr. David Woolley joined as Chief Executive Officer.

¹ Please see note 4 of the financial statements for Alternative Performance Measure (“APM”) definitions.

² The comparatives have been adjusted to reflect the changes in the discontinued operation disclosure, see note 36.

CHAIRMAN'S STATEMENT

Review

Saietta has transitioned from its beginnings as an R&D motor designer to a provider of engineering design services and supplier of light-duty vehicle e-axle products to OEM's. Such a transformation within two years of raising funds through an IPO is an exceptional achievement.

Facilitated primarily by the proceeds from the IPO and subsequent fund raise, Saietta has made considerable progress in its core focus lightweight mobility market having secured orders for design and delivery of light-duty vehicle e-axles to customers in India and the United States. Saietta remains dedicated to further securing a number of long-term, high volume OEM relationships globally.

These achievements have required a considerable amount of transformation within the business and there have been changes at Board level and operating level as a consequence.

In particular, whilst the E-Traction acquisition made in November 2021 brought in new valuable intellectual property and skills to the Group, it also contained operational activities that were non-core such as the Retromotion, bus conversion category.

Successfully releasing this activity and deciding to seek an industrialisation partner to take forward the Netherlands-based marine operation, Propel, have together made it possible for the Group to reach the milestones set out with OEM's in the light duty sector.

The decision regarding Propel has led to an impairment of the assets in that business unit as there is uncertainty over the timescale to complete such a transition.

Outlook

Moving from an R&D-focused technology start-up to a large-scale manufacturer with international sales is clearly a dramatic transformation and the Group continues to encounter the challenges commensurate with such. However, its market acceptance is now firmly in place, which provides a much clearer path towards its goals and aspirations.

Saietta employees Group-wide have been integral to delivering on its ambitious growth plans and the Board is confident that our short- and long-term goals remain achievable. Saietta's ramp up of delivery of light-duty vehicle e-axle products to our customers remains firmly in place to ensure the future prosperity of the Group.

The Board has confidence that the commercial opportunities for Saietta across global markets and particularly in India remain readily apparent and the rapid scale-up of its business will allow it to access these opportunities in the near future.



Anthony Gott
Executive Chairman
Saietta Group plc
18th October 2023

CHIEF EXECUTIVE OFFICER'S REVIEW

This was a challenging transitional year for the Group with commercial success and operational delivery becoming a dominant feature of the business as opposed to the research and development start up phases of the past. Our turnover in the 12 months ended 31 March 2023 increased by 50% to £2.1 million (2022: £1.4m) from continuing operations.

The Group now consists of:

- An international light duty division offering an entire, integrated e-drive system (comprising gear box, axle, inverter, and controller) packaged around an AFT 140 motor. The Board believes this increases the value of the AFT product offering and accelerates the timeline for its adoption into vehicle platforms;
- A marine division with an award-winning suite of marine propulsion products which is ready for further commercial scale up with an appropriate partner. During the year, we concluded that our own retail business, "Propel", which was intended to launch and distribute this product directly in the market should be transferred to an industrialization partner who could scale up such an opportunity more appropriately than the Group. The highly valuable intellectual property created in the marine segment remains as the key element for working alongside such a future industrialization partner.
- An international heavy-duty division able to design solutions for commercial EVs across both the truck and bus markets globally which holds an agreement post year end for future licence revenues due on two products under development by Consolidated Metco Inc., a leading US supplier of hubs to OEM's; and
- A world class automotive electric motor factory in Sunderland with 4 motor production lines and an electronic circuit board production line.

Our achievements during the year

Saietta VNA awarded contract with Tier 1 Indian OEM

In December 2022, the Group signed a Development Agreement with a Tier 1 Indian OEM for engineering design services of approximately £3.2m for a series of products with assumed minimum volumes across the next five years of 80,000 units and a start of production in the fourth quarter of 2023.

Ayro Inc. awarded contract and initial purchase order of USD6.0m

In April 2023, the Group received an order for 3,000 bespoke eDrive units from Ayro Inc., a US customer that commenced delivery of prototype units earlier in the year. The award reflected Ayro's confidence in Saietta's engineering design and support as well as its clear delivery capability, having secured a production facility in Sunderland in April 2022.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Strategy, recent developments and commercial opportunities

The Group's strategy has evolved throughout the year driven by market pull, particularly in the area of light-duty solutions and by resource constraints that have led to prioritization on the original AFT technology away from the ancillary areas of Marine and Heavy Duty.

The decision to find an industrialization partner for Propel and to renegotiate the arrangements with ConMet were necessary steps in this evolution.

Looking ahead, the outlook for the business with a refocused operating model is highly positive for Saietta. We envisage the growth experienced in 2022/23 will accelerate as the scaled up production of AFT and RFT motors in India and other markets will occur in the coming year.

Future growth strategy

The Group intends to invest for growth in the following areas:

- Saietta VNA scale up to meet client orders
- Securing a number of long-term, high volume OEM relationships globally; and
- Continue to secure crucial patents across all key international markets.

To make such growth possible, the Group has had to apply rigorous rationing of its capital and its subsequent renegotiation of arrangements with ConMet are an example of the discipline and refocus applied.

Saietta is quickly positioning itself to become a prominent participant in drive train systems and technology for applications across the electric vehicle segments.



Anthony Gott

Interim Chief Executive Officer
Saietta Group plc
18th October 2023

FINANCIAL REVIEW

The Financial Review should be read in conjunction with the consolidated financial statements of the Group and the notes thereto on pages 51 to 96. The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements of the Company continue to be prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006 and are set out on pages 97 to 131.

Review of the Group's Business and Financial Performance

Overview

Having commenced the year acquiring a facility in Sunderland with 86,000 square feet of factory space designed specifically for electric motor production, the Group moved away from its research and development origins and pivoted towards a phase of industrialization of motor production in order to address the opportunities materializing in contract wins.

The Group delivered moderate results during the year, generating total revenue of £2.1m (2022: £1.4m) from continuing operations whilst formalising its business structure and strategy for its principal divisions*:

- a) Lightweight mobility division addressing India through Saietta VNA and the United States of America directly from its Sunderland plant.
- b) Heavy-duty commercial division with licence revenue in place for future products.

** the marine division has now been discontinued whilst an industrialization partner is being sought.*

Establishment of production facility

On 4 April 2022, the Group acquired fixtures and fittings, plant equipment and a lease for an 86,000 square feet production facility in Sunderland which will ultimately be able to produce in excess of 100,000 units per annum. The Sunderland plant will service non-India based customers through semi-automated lines for both AFT and RFT requirements. Saietta VNA, the Group's Indian joint venture, will service customers through a fully automated AFT line and RFT lines due to be in place in quarter four 2023.

Furthermore, in the event that additional contractual orders for eDrives are received in the near term (ahead of cashflows from the AFT eDrive vehicle programmes referenced above) then the Company may also require additional capital to fund the set up and production implementation of those additional contracts.

Business development - Lightweight mobility division

The development order from India with production to follow and the order from the USA confirmed the Group's strategy to concentrate on lightweight mobility as the most effective means to harness the potential of its AFT technology with a view to rapid profitable growth in the coming years.

FINANCIAL REVIEW

Business development - Heavy-duty and Marine divisions

The Group has needed to concentrate its attention and capital on the areas of most substantial returns both in terms of internal rates of return and immediacy.

As a consequence the arrangements with ConMet, the discontinuance of the Retromotion activity and the redirection of marine retail operations in the Netherlands all became necessary steps towards the focused Group strategy.

Gross profit

Saietta delivered gross profit of £0.7m (2022: £0.8m) with a lower gross profit margin of 31% (2022: 58%) for continuing operations. The fall in gross margin is driven by revenue mix and the changing nature of the ConMet contract.

Other income

£1.0m gain on disposal of the intangibles created in the ConMet projects and £1.7m (2022: £0.7) of grant income from two projects (2022: 3 projects) were recognized in the year. Grant income included the grants for the projects with Innovate UK ("APC 6" and "APC 16") which generated income of £1.0m (2022: £0.6m).

Administrative expenses

Administrative costs for the year of £21.8m (2022: £13.1m) represents an increase of £8.7m. This increase is driven by the Group expanding its operations across geographies which in turn has served to increase its fixed cost base. In particular, the Group deployed funds to grow its existing operations with the addition of the Netherlands based heavy duty division for the entire year, a Sunderland plant and expanded Propel B.V. which has caused total, average staff numbers to increase from 100 in 2022 to 189 in 2023.

The share-based payment charge decreased from £4.4m in 2022 to £2.3m in 2023, due to performance below target for the new Long-Term Incentive Plan ('LTIP') awards.

Discontinued operations

The strategic adjustment to narrow near-term focus on immediate revenue generating opportunities in the rapidly expanding global lightweight electric vehicle (EV) sector through the discontinuance of the Retromotion activity and the redirection of marine retail operations in the Netherlands lead to significant losses in the year £7.9m (2022: £0.05m)

Adjusted EBITDA

The underlying level of loss that is measured by Earnings Before Interest, Tax, Depreciation and Amortisation, discontinued operations and non-recurring expenditure, which excludes expenses associated with the Admission to AIM in the prior year and the raising of additional funds through a placement in the financial year ended March 2023 and share-based payments (adjusted EBITDA), shows an increase in adjusted EBITDA loss from £4.4m in 2022 to £14.0m in 2023.

For full details on how the adjusted EBITDA figure is calculated, please see note 4.

Consolidated statement of financial position and cash flows

Non-current assets

As at 31 March 2023, non-current assets amounted to £25.5m (2022: £15.5m), including intangible assets of £10.9m (2022: £8.4m) and property, plant and equipment of £8.1m (2022: £3.5m).

Of the increase in intangible assets, internally-generated development costs and the purchase of intangible assets accounted for £3.3m (2022: £3.6m) and £1.0m (2022: £0.5m) respectively whilst disposal groups held for sale accounted for £(1.7)m (2022: nil).

FINANCIAL REVIEW

Consolidated statement of financial position and cash flows (continued)

Current assets

As at 31 March 2023, current assets amounted to £14.2m (2022: £27.2m), including cash balances of £7.2m (2022: £18.4m).

The principal elements of the decrease in cash were:

- Gross proceeds through placing and subscription of £23.6m (2022: £37.5);
- Operating cash outflow of £18.2m (2022: £6.8m);
- Investing activities including the acquisition of intangibles, property, plant & equipment and the capitalization of development costs which totalled £10.5m (2022: £8.9m); and
- Movements in working capital of 3.4m outflow (2022: £1.0m outflow).

1. For full details on how the gross proceeds through placing figure is calculated, please see note 4.

Key Performance Indicators (“KPIs”)

The Group has identified a number of financial and non-financial key performance indicators which are regularly monitored to ensure that business is on track or to give warnings where problems may be arising.

Financial KPIs benchmark sales revenue and volumes, both of which are key to long-term, sustainable organic growth. These KPIs remain under constant focus and are considered in the Financial Review.

The technical KPIs benchmark motor production, whilst the operational KPIs benchmark engineering hours worked, completed units produced and employee headcount. These are all considered indicators of the Group's ability to secure a long-term sustainable competitive advantage by increasing its production capacity, revenue-generating activities and developing its human capital which, in particular, will be vital to ensuring continued technical innovation.

These KPIs are monitored on an ongoing-basis by management in order to allow the company to make real-time decisions in response to the rapidly-developing needs of the Group.

Key Performance Indicators analysis

Year ended 31 March:	2023	2022	Movement (%)	Explanation for variances
Engineering hours worked	17,745	6,904	157%	The addition of engineering hours for the ConMet project and also India OEM developments led to a sharp rise.
Completed units produced				Prototype production dominated both years, with semi-automated production only commencing in March 2023.
AFT140	71	50	42%	
AFT190	-	3	N/A	
D1 inboard	-	115	N/A	
	71	168		
Employee headcount				Additional UK headcount followed the addition of the Sunderland pilot production facility and expansion of the technical centre in Silverstone.
UK	127	83	53%	
NL	62	59	5%	
	189	142	33%	

The Board are pleased to present their strategic report for the year ended 31 March 2023.

Principal activities

Saietta Group plc is a company registered in England and Wales that has developed the innovative AFT electric motor, designed to deliver class-leading performance for its target markets whilst being low cost and built for mass market production. Saietta's principal target market is the high volume, fast-growing lightweight mobility market including motorcycles in Asia.

Business strategy

Precipitated by legislative measures introduced by multiple governments globally, to address chronic air pollution and global warming, in addition to being driven by consumers wanting a cleaner transport alternative, there has been considerable acceleration of the electrification of the global automotive and marine industries. Saietta is well placed to succeed in such an environment through its motor topologies.

Saietta's ground-breaking axial-flux technology

Axial-flux motors have long been accepted as a superior solution for electric traction, particularly for lightweight vehicles, because they inherently have a higher torque density than the more common interior permanent magnet radial-flux motors and so require less gearing, enabling a smaller, lighter, cheaper and higher-efficiency transmission to be used. Though the packaging proportions of an axial-flux motor are also often advantageous, they have historically lost out to easier to manufacture and hence cheaper radial-flux motors.

Saietta's patent-pending AFT motor has a potentially disruptive design, intended to unlock the technical and economic impediments to the mass market electrification of the global motorbike and lightweight vehicle market. After several years of research and development, Saietta's axial flux AFT motors are targeted at solving the efficiency paradox of EV motors – in that high efficiency motors are expensive but less expensive lower efficiency motors require more batteries (which increases a vehicle's expense) to deliver an equivalent range. Saietta are able to provide low voltage solutions that in different configurations can power a wide variety of applications ranging from scooters, motorbikes, in-wheel solutions and marine engines. Saietta's initial focus is in the 'L Category' vehicle market, which includes mopeds, motorbikes, and small three and four wheeled vehicles such as rickshaws, ATVs, urban smart mobility platforms and last-mile delivery vehicles. Saietta's AFT 140 launch motor is designed to deliver a combination of the right performance, size, weight and cost to take the axial flux motor design to the mass market in Asia for two-wheel vehicles.

Saietta's radial-flux technology

Through its acquisition of e-Traction, Saietta established a division able to service the needs of high voltage electrification of vehicles in the truck, bus and coach category. In addition the acquired knowledge of radial-flux technology and power electronics has enabled the Group to expand its product range to the lower power segment that can only be served cost effectively by radial flux.

In the financial year ended 31 March 2023, the Group operated through three distinct business divisions:

- (a) Lightweight mobility which focuses on AFT developments particularly low voltage two and three wheelers;
- (b) Heavy-duty commercial which covers the truck, bus and coach markets; and
- (c) Marine division, fronted by a retail activity, Propel, which was the Group's marine division selling inboard and outboard motors both via distributors and direct to customers. Shortly prior to the year end the decision was taken to discontinue this activity and redirect it towards an industrialization partner to produce marine outboards utilizing the Group's AFT motor as the key drive solution.

Each of these divisions needed to evolve in order to empower the business to pursue a focused, cost-effective, optimal return strategy.

The business model consequently also evolved and is now far more customer-led and directed towards coherent delivery.

Business model

Saietta's business model takes a holistic approach to integration in OEMs vehicle engineering programmes. By integrating itself into all stages of the EV lifecycle, Saietta aims to become strategically positioned to generate long term revenues.

Lightweight mobility division Saietta provides a broad range of engineering services to OEMs from market research and product definition, CAE & simulation, e-motor electrical & mechanical integration, prototype build and vehicle testing on test tracks. Once the specification of a client's powertrain motor is agreed, Saietta can take this into low volume production and define the production process, which clients can then replicate and manufacture under licence.

Saietta's Silverstone facility is utilised for prototype building and testing.

Saietta's Sunderland pilot production facility is used to serve customers outside of Asia and can accommodate up to 100,000 units per year whilst it's Joint Venture with Padmini VNA, a specialist manufacturer of automotive parts, is fast tracking Saietta's AFT motor production capacity for the lightweight mobility sector in India with a facility to be operational in September 2023.

The lightweight division has also been awarded design and production orders for RFT motors that service the low voltage, low power segments.

Heavy-duty commercial division Through its Radial-Flux Technologies ("RFT") motor topology and power electronics capabilities, Saietta is able to offer OEMs in the truck, bus and coach market a range of engineering design, test and prototype services. Through its agreements with Consolidated Metco Inc. ("ConMet") the Group is also able to benefit from future royalty streams on in-wheel generator and in-wheel motor products expected to be launched by ConMet in the future.

As part of its evolution, Saietta discontinued its activity of retrofitting diesel buses across Europe with electric motors designed and built to specification. This was seen as non-core and too capital-intensive.

Marine division (discontinued) With regard to waterways, regions are demonstrating the fast tracking of clean energy legislation. Combining the broad efficiency of the AFT motors with the load carrying capacity of a vessel creates an ideal opportunity for electrification and Saietta have been eager to work with an industrialization partner that will require electric motors to advance the electrification of the marine industry.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT**Environmental Matters and Sustainability**

As a Group we are aware of both the impact our industry has upon the environment and also the likely impact of climate change upon our business.

Our Health and Safety framework is designed to ensure employees comply with relevant environmental legislation, whilst energy efficient policies are also implemented at our Sunderland plant and prototype production facility at Silverstone.

In association with our joint venture partner in India, we are embarking on a programme of manufacture that will produce electric motors that will displace internal combustion engines and thereby fossil fuel dependencies on a market-significant scale. This is the largest opportunity the Group has to positively impact the environment in the next five years.

The greatest sustainability risk faced by the Group in the next five years is the continued acceleration in extreme weather events impacting the infrastructure of future markets.

The directors reasonably believe that the review of its activities illustrates fully its environmental focus and therefore, having regard to the nature of the Group's business, and the manner in which it is carried on, further climate-related financial disclosure are not necessary for an understanding of the company's business.

Employees

We aim to ensure that we have a safe operating environment with an inclusive and diverse culture and the best talent and skills for our future success.

Our Health and Safety framework is designed to protect the health and safety of our employees.

Our Codes of Conduct provide guidance on the ethical behaviour we expect from our employees.

Our Whistleblowing policy provides guidance to employees to raise concerns without fear of reprisal.

Human Rights

We embrace, support and respect the human rights of everyone we work with and we comply with appropriate human rights legislation in the countries in which we operate.

Employment policies are designed to protect human rights and our modern slavery policy describes the actions taken in respect of our supply chain.

Social Matters

Our policies set out our commitment to high social standards and the requirements for our supply chain. We have in place the following Group wide policies:

- Tax strategy
- Data Protection/ Data Privacy
- Competition/ Anti-Trust
- Privacy Policy
- Conflicts of Interest policy
- Community matters are championed at local level.

Anti-Bribery and Corruption

It is important that the Group operates to high ethical standards and complies with all applicable laws. Employee and supply chain partners are made aware of the Group’s strategy and how their behaviours affect delivery and they are expected to work in line with the Group’s values.

To support this the Group has in place the following policy statements which detail the expected conduct of our employees and supply chain:

- Anti-bribery and corruption
- Anti-money laundering

We endeavour to manage and monitor risk factors that could impact our business objectives and aspirations.

Defining risk

Risks are uncertain events that could materially impact organisational objectives – both adversely and favourably. We recognise that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of risk is therefore key to accomplishing our strategic objectives.

Responsibility for risk

The Saietta Group plc Board is ultimately responsible for the management of risks facing our organisation. However, the wider organisation is responsible for the proactive day-to-day management and control of those risks. The Saietta Group plc Board of Directors review key risks to monitor the progress of remediation actions. Principal risks and exceptions are reported to the Audit Committee regularly to assist in the decision making process and ensure adequate controls are in place to provide sufficient protection to the organisation.

Principal risks

Risk	Description	Mitigation strategies	Severity
Commercial risks	The Group is subject to competition from competitors who may design more sophisticated or less expensive alternative technologies, both for Saietta's existing product line and for those products which are still being developed.	The Group seeks to reduce this risk by regularly assessing competitors and their technologies. The Group seeks to commercialise the production of its motors through multiple channels to reduce its dependency on individual partners. The Group is also exploring collaborations and partnerships for licensing Saietta' AFT and RFT technology. Furthermore, the Group ensures that it retains the rights to all internally developed intellectual property and protects them through the registration of patents.	High (PY. High)
	The Group currently produces its AFT motors on a low volume and low automation production basis and seeks to move to higher volume and onto mass production, with higher levels of automation in time. However, given the Group's limited track record of commercialising its technology, there is no certainty that Saietta’s AFT motors will perform at the same performance levels once in mass production.	The Group seeks to reduce this risk by establishing a framework of rigorous testing, incorporating the significant experience of our OEM partners throughout the process. This framework requires all products under development to pass through an exhaustive series of trials: from initial virtual simulation testing, before being subject to practical testing in-house and finally, if the previous stages prove successful, all products are extensively tested in real-world scenarios.	Medium (PY. Medium)

Principal risks (continued)

Risk	Description	Mitigation strategies	Severity
Commercial risks (continued)	There can be no certainty that the Group's existing or potential OEM partners will be able to achieve mass market production or the production processes may be subject to delays. Furthermore, there is a risk that the Group's anticipated scale-up in manufacturing capacity and associated benefits of automation, including unit cost reduction, will not be achieved if material costs escalate or delays arise in the installation of the equipment, its commissioning could take longer than expected and equipment may not work as expected.	The Group seek to minimise this risk by working with an established OEM partner or partners that have a strong track record in manufacturing automation equipment on a mass market scale, incorporating cost reducing processes suitable for such scale manufacturing.	Low (PY. Low)
	The quality of Saietta's brand is paramount to its long-term, sustainable growth model. Therefore negative commentary, regardless of its accuracy, could have a material adverse impact on the Group's business success.	The Group seeks to reduce this risk by growing its customer and partner base, thereby reducing reliance on individual significant companies. The Group also seeks to reduce this risk by taking advantage of its own unique Intellectual Property and resources over multiple projects.	High (PY. High)
Financial risks	The Group is reliant on a small number of materially significant customers. If these customer contracts were to expire or be terminated, this could have a material adverse effect on the Group's results, operations or financial condition. The Group expects to incur further operating losses in future ahead of contract growth.	The Group seeks to reduce this risk by growing its customer and partner base, thereby reducing reliance on individual significant companies.	High (PY. High)
	The Group's expansion plans will require it to offer products and services in a variety of countries, meaning its product costs may be in a local currency which differs from the currency in which it records sales revenue. As a result, fluctuations in foreign currency exchange rates may affect operations, which in turn may adversely affect reported earnings and the comparability of period to period results of operations.	The Group seeks to reduce this risk by regularly reviewing its operating cycle in order to establish where foreign exchange risk exists within it. Once established, the Group will seek to mitigate the risk of adverse currency fluctuations through the use of financial instruments where necessary to lock-in a favourable, predetermined rate of exchange.	Low (PY. Low)
Operational risk	The Group's expansion plans will require investment in capital equipment and working capital and funding for such expansion will need to be secured.	The Group provides updates to all relevant stakeholders which then enables it to present its needs for funding to investors, banks and partners should the needs arise.	High (PY. High)
	The Group's ability to supply components to its manufacturing operations at the required time is of paramount importance in achieving production schedules and meeting consumer demand. Supply chain disruptions if not managed, could have an adverse effect on production volume, revenue and profitability, customer satisfaction and reputation within the regions in which Saietta operates.	The Group seeks to reduce this risk by operating an effective supply chain risk management framework which enables proactive engagement with our suppliers to diagnose and mitigate potential disruptions. The Group also continues to maintain and develop strong partnerships with key strategic suppliers to ensure a stable future supply of components.	High (PY. Medium)

Principal risks (continued)

Risk	Description	Mitigation	Severity
Intellectual property risks	The Group faces the risk that the requisite intellectual property rights necessary to achieve research and development objectives may not be sufficiently secured or protected. Furthermore, the Group's intellectual property may also become obsolete before all products can be fully commercialised.	The Group seeks to reduce this risk by utilising the services of patent agents and attorneys with considerable experience of global patenting and licensing.	Medium (PY. Medium)
	The Group faces the risk that its outstanding patent applications are not granted. Therefore there is a risk that the Group will not be able to secure the protection of its intellectual property in the countries where the patent applications are outstanding, leaving the Group vulnerable to misappropriation of intellectual property by third parties.	The Group seeks to reduce this risk by manufacturing its product in such a way that it is an insurmountable task for third parties to reverse engineer its motors. Furthermore, the Group has substantial information and data security protocols to prevent its intellectual property being misappropriated by third parties, physically or virtually.	High (PY. High)
Legal & compliance risks	A key element of the Group's proposed growth strategy will be to enter into new geographic and product markets. The Group is therefore presented with challenges caused by distance, language and cultural differences, legal or regulatory restrictions, potential adverse tax consequences and higher costs associated with doing business internationally.	The Group seeks to mitigate this risk by contracting the services of trusted business advisors with extensive experience of the legal and regulatory requirements necessary to operate in the countries and regions within which the Group currently operates, or intends to expand into.	Low (PY. Low)
Dependence on senior management & key staff	Certain employees are considered integral to the ongoing success of the business. Failure to attract and retain such highly skilled individuals could adversely affect operational results.	The Group attempts to mitigate this risk by offering new and existing employees appropriate incentives in the form of competitive salary packages, participation in long-term share option schemes and a favourable working environment.	Low (PY. Low)
IT systems and security infrastructure	As a listed company with unique and valuable intellectual property, the Group is an attractive target for cyber criminals. Failing to safeguard personal data could result in regulatory reprimands, fines which can have an adverse impact on Saietta's reputation and financial damage. Cyber-attacks against our IT infrastructure could compromise or disrupt our capacity to deliver products for our customers.	The Group seeks to mitigate this risk by maintaining rigorous controls and managing the Group's information assets to acceptable levels. This is managed and reassessed periodically to ensure controls remain current and appropriate to the size and growth trajectory of the company.	Medium (PY. Medium)
Pandemic risk	The experience of Covid-19 highlighted the disruptive impact of global events of a pandemic nature. The Group is presented with several risks associated with any pandemic. Principal amongst these are the risks to our employees and other stakeholders of working in an environment with a virus present and the impact of government guidelines which may limit the operational capacity of the Group.	The Group is managing these risks with risk assessments to ensure we provide a safe working environment in accordance with the latest government guidance specific to our industry. The recent risk that we will see some level of disruption to our business from Covid-19 is decreasing as governments have sought to move away from lockdown actions which previously may have disrupted our global supply chain or production facilities. However, the potential for future incidents of a pandemic nature remains a source of vigilance.	Low (PY. Low)

Principal risks (continued)

Risk	Description	Mitigation	Severity
Geopolitical risk	<p>The Group faces the risk that geopolitical events such as the war in Ukraine could have adverse impacts on global macroeconomic conditions which in turn could have wide-ranging impacts on Saietta including disruptions to its supply chain, ability to raise further finance and consumer confidence.</p>	<p>The Group seeks to reduce this risk by monitoring the situation closely. Whilst the events unravelling are usually outside of Saietta's control, Saietta has taken steps to ensure that it is protected against the potential issues which may arise. These includes assessing current supply chains, determining whether they are likely to be affected and taking steps to ensure sustainable supply of key components which forms their products.</p>	<p>Medium (PY. Medium)</p>
Climate change risk	<p>Given the increasing risks associated with climate change, and to support the Group's ambition to reduce the deleterious impacts of greenhouse gas emissions through its sustainable e-drive solutions, it was agreed that climate risk would become a principal risk from 2022.</p> <p>Saietta has assessed that climate-related risks can be broadly divided into two categories:</p> <p>(a) the physical impacts of climate change such as rising sea levels and extreme weather events; and</p> <p>(b) risks related to the transition to a lower-carbon economy such as changing market demand and carbon pricing.</p> <p>The Board of Directors takes a proactive approach in relation to assessing and managing these climate-related risks and opportunities. As part of this risk assessment process, the Group considers where it is vulnerable to the adverse effects of the climate change and magnitude of that vulnerability. By assessing the Group's exposure to these risks, the Group is able to prioritise taking steps to address the most business-critical issues first.</p>	<p>The Group seeks to mitigate this risk by actively promoting its product as a way of allowing society to pivot away from high carbon-emission vehicles and towards sustainable, electric automotives.</p> <p>Internally, it has sought to conduct business with particular sensitivity to its environmental impact and encourage an ethos of responsibility within management and employees alike. Steps taken during the year to achieve this have included:</p> <ol style="list-style-type: none"> 1. Optimising the production process to minimise wastage & therefore reduce environmental impact 2. Introduction of an Electric Vehicle ("EV") salary sacrifice scheme during the year available to all employees 3. Installed EV charging points at all of its premises which are free for all staff to use <p>The Group's exposure to the risks posed by legislative changes as economies seek to reduce their carbon emissions is limited due to Saietta's product range being aligned with the automotive industry's push towards to e-drive solutions.</p>	<p>Medium (PY. Medium)</p>

Section 172(1) of the Companies Act 2006 requires the Directors of the Company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long-term;
- b) The interests of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company.

The table below sets out the key stakeholder groups, their interest and how the Company has engaged with them over the reporting period.

Stakeholder group	Why engagement is important	Engagement process	Strategic decisions in the year
Investors	To convey and secure support for long-term strategic objectives and expansion plans.	Annual and interim reports, AGM, analyst presentations, investor presentations, shareholder circulations.	Decision to acquire Sunderland facility using institutional funds raised from investors to improve our competitive advantage.
Employees	In order to promote our long-term objectives, culture, values and employees' well-being. which leads to higher productivity and reduced turnover rates.	Yearly performance reviews with strategic objectives, formal policies and procedures, evaluations and culture which conveys our values.	Enhancement of benefits for employees in areas of life assurance, pensions and cycle to work schemes.
Customers	Customer satisfaction is paramount to long-term strategic objectives.	Customer surveys, clear and consistent communication in line with brand values.	In response to market demand, Saietta has taken steps to prioritise the provision of fully integrated e-drive systems which incorporate its core AFT and RFT technology into e-axles.
Community and the environment	To ensure all business activities are socially and environmentally responsible and thus align with our corporate objectives as a company offering eco-friendly vehicle solutions.	Products promote energy reduction, corporate and social responsibility policy.	Extended the electric vehicle salary sacrifice scheme for new employees. Added vehicle charging points at Silverstone facility to further encourage EV take up.



By order of the Board
Anthony Gott
 Executive Chairman
 18th October 2023

The Directors present their report and the consolidated financial statements for the year ended 31 March 2023.

Directors

The Directors who served during the year and their beneficial interest in the Company's issued share capital at year end were:

	Date of appointment	Date of resignation	Ordinary shares of £0.011 each 2023	Ordinary shares of £0.011 each 2022
Executive Directors:				
Anthony Gott ¹	7 July 2021	N/A	21,739	-
Wicher Kist	23 November 2018	17 th April 2023	1,313,289	1,295,174
Steven Harrison	22 April 2021	N/A	-	-
Non-Executive Directors:				
Emmanuel Clair	23 November 2018	N/A	12,777,622	12,603,709
David Wilkinson	7 July 2021	N/A	11,956	8,333
Seshu Bhagavathula	17 December 2021	N/A	-	-
Devyani Vaishampayan	5 December 2022	N/A	-	-

¹On 1 August 2022, Anthony Gott was appointed Executive Chairman and on the 18th April 2023 as Interim Chief Executive Officer. On 2 October 2023 David Wooley was appointed as Chief Executive Officer.

Principal Activities

Saietta Group plc is a company registered in England and Wales that has developed the innovative AFT electric motor, designed to deliver class-leading performance for its target markets whilst being low cost and built for mass market production. Saietta's initial target market is the high volume, fast-growing lightweight mobility market including motorcycles in Asia.

Review of Business

A review of the business, its development and performance for the year and its position at the year end, together with the future prospects of the Group, is contained in the Chairman & Chief Executive Officer's Report and the Strategic Report.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the financial position of the Group and the Company, their cash flows and their liquidity position. The Group and Company's financial risk management objectives and exposures to liquidity and other financial risks and uncertainties are set out on pages 15 to 18. The Group had net assets of £29,189,193 (2022: £32,814,791) as at 31 March 2023 and available liquidity of £7,247,267 (2022: £18,402,055) comprised of cash and cash equivalents.

The Group and Company have modelled scenarios for a period up to October 2024 from the March 2023 year end and stress tested its financial position in such scenarios. These stress tests modelled the variability in financial performance and free cash flows when incorporating certain hypothetical events such as a reduction in forecast revenue and a delay in the receipt of payments for equipment from Saietta VNA.

The Group and Company operate in markets that are rapidly growing and has strategic plans that respond to such growth. In delivering those plans, the Group is mindful of the ultimate benefits from maintaining control over the deployment of its intellectual property in applications with major OEMs and within its joint venture arrangements. In order to do so, it recognises that at times it will potentially need to co-invest or defer investment to its partners to enhance the future value it can achieve from application of its products. In such instances the commercial merits will be weighed in determining whether funding is sought.

Going concern (Continued)

These forecasts align to the business strategy which was based on the assumption that the Group and Company will significantly increase its revenue and be able to generate significant gross profit in the next 12 months.

Furthermore, the forecasts also include payments from Saietta VNA, the Group's joint venture in India, for equipment for fully automated production of AFT motors. The Group has spent £3m on such equipment and this amount is to be reimbursed by Saietta VNA. In the absence of such reimbursement there may also be a need to raise additional funding.

Whilst the Directors expect that additional funding can be raised this is not guaranteed and when continuing with an accelerated expansion this presents a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Whilst acknowledging the uncertainties described above, the Board have concluded, on the basis of all scenarios and related expected cashflows and available sources of finance, that the Group and Company will be able to continue as a Going Concern for at least twelve months from the date of signing these financial statements and therefore it remains appropriate to prepare the Group and Company's results on the basis of a going concern.

Results and Dividends

The Group loss for the year, before taxation (including discontinued operations), amounted to £28,041,921 (2022: 10,782,252). The Directors do not recommend a final dividend this year (2022: £nil).

Research and development costs

In accordance with the policy outlined in note 2, the Group incurred research and development expenditure of £3.3m (2022: £3.8m) in the year. Commentary on the major activities is given in the Strategic Report.

Financial instruments

The use of financial instruments and financial risk management policies is covered in the Strategic Report and also in note 31 of the financial statements.

Substantial shareholdings

At 31 March 2023, the Company had been notified that (other than Directors) the following were interested in 3% or more of the issued capital of the Company:

	Number of Ordinary shares	% of issued share capital
Amati AIM VCT plc	10,980,174	10.67%
Lawrence Marazzi	5,794,799	5.63%
John Michael Winn	6,326,934	6.15%
Premier Miton Investors	7,122,114	6.92%
Schroder Investment Management	7,167,665	6.96%
Canaccord Genuity Wealth	6,003,963	5.83%

At 18 October 2023, there were 102,917,675 Ordinary shares in issue.

Governance and the Board

The Board's governance system provides balanced support for the executive management team in the development of the Group's strategy and with the need to ensure effective monitoring of its implementation. The Board and its committees have considered the significant events of the year and their impact on the Group's business and reputation.

During the year the Audit & Risk Committee was chaired by David Wilkinson, the Remuneration Committee was chaired by Devyani Vaishampayan (previously David Wilkinson) and the Nomination Committee was chaired by Devyani Vaishampayan (previously David Wilkinson). The Board remains confident in the work of those committees and the overall system of governance.

Events after the reporting period

The events after the year end of 31 March 2023 are detailed in note 36 to the financial statements.

Strategy and future developments

The Group's strategy and future developments is covered in the Chief Executive Officer's Report on page 7 to 8.

Major macroeconomic impacts

Covid-19 and its aftershocks: We are mindful that the legacy of the COVID-19 pandemic and the friction it placed into international trade continues to have a notable impact on global supply chains; however, after negotiation and supplier development we currently do not anticipate that our production and sales volumes projections will be adversely affected in FY2023/24.

Economic and geopolitical factors: Inflationary pressures have been increasing throughout the first half of 2023, with major economies across the globe experiencing high energy prices linked to the conflict in Ukraine. This has fed through into higher interest rates and inflation on supplier costs. This has directly impacted the business as some prices we pay our suppliers are directly indexed to market rates which then puts pressure onto profit margins. Cost down measures to reduce the bill of materials and labour requirement have been pursued during the year to mitigate the effect of the increased raw material costs. Looking ahead, we will continue to monitor the impact of changes in material costs on our margins and continue to review areas where cost can be taken out of the manufacturing through process engineering. Ultimately, we may also look to adjust sales prices if we cannot avoid passing cost increases on to our consumers.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

Saietta Group plc has not included the requirements of Streamlined Energy and Carbon Reporting (SECR) due to the Group and its subsidiaries not meeting the threshold for reporting.

This report was approved and authorised for issue by the Board on 18th October and signed on its behalf by:



Steven Harrison
Chief Financial Officer

Dear Shareholder

I am pleased to present the Audit Committee Report for the year ended 31 March 2023. The aim of the report is to provide an overview of how the Committee has discharged its responsibilities during the year and to highlight the significant issues considered by the Committee. In this report I also set out the Audit Committee objectives for the year ending March 2024.

Financial Reporting

The Committee's work focused on checking the appropriate accounting treatment for and disclosure of, the issues identified in both the full year audit and half year review. The Committee carried out its work using information supplied by management, external auditors and other advisers as appropriate.

The specific issues identified were:

Impairment of intangible assets

As the Group is developing and then launching proprietary intellectual property into new markets, the selection of costs to capitalise and the value of intangible assets created thereby and any impairment of that value is a significant determination of management. This has been brought particularly into focus during the period, with the discontinuance of certain operations;

Going concern

The Group listed on AIM in July 2021 with a business plan to develop its motor technology all the way through to industrialisation and mass production. Such activities are capital and working capital intensive and it is therefore a key requirement for the Group to monitor and address its funding and expansion needs to maintain its financial stability. This has required a detailed review of cash flow forecasts and a careful assessment of the likelihood of receiving future cash sources;

and

Revenue recognition

The Group is involved in engineering projects that span several months and in some cases years. Revenue recognition both in terms of project completeness and appropriateness when co-developing intellectual property is therefore an area where professional expertise needs to be applied, particularly in the assessment of contract performance obligations and in the light of changes to contract terms.

Acquisitions

The committee reviewed and advised on accounting for new acquisitions and the subsequent discontinued operations detailed further in the annual report and accounts. This was a significant part of the Group's activity in the year and its execution a key tenet in the Group's refocus on its principal light duty opportunities.

Risk Management

The Group's risk register and the principal and emerging risks were reviewed, assessing the risk management framework. Significant risks to the Group are highlighted in the strategic report and constitute factors from the wider macro-economic environment as well as risks pertaining to a growing technology company in an emerging market space.

Auditor Effectiveness

The Committee reviewed the report from the auditors, assessing the auditor's approach to, and findings in relation to, the audit and half year review to assess independence and objectivity. Materiality, scope and fees for the annual audit plan were agreed. Updates on upcoming corporate reform and other regulatory topics were received at this time.

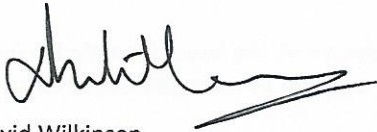
At the Audit Committee Meeting delays in completion of the audit beyond the original target date and the challenges faced by the auditors around the post balance sheet event of the ConMet revised agreements were discussed and appropriate actions noted.

Priorities for year ending 31 March 2024

To focus on transparency, the clarity of reporting and the consistency of messaging across all communication and regulatory channels, in particular with regard to the increasing inter dependencies with our joint venture operation in India.

To maintain a continual assessment and improvement of controls across the business ensuring robustness and effectiveness.

To continue to oversee the disclosure of significant financial judgements made by management.



David Wilkinson
Deputy Chairman and Chair of the Audit Committee
18th October 2023

This report should be read in conjunction with note 10 to the accounts. The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of executive directors. In doing so, the Committee's aims are:

- To determine the policy for the remuneration of the executive directors;
- To review the on-going appropriateness of the remuneration policy;
- To approve the design of and review share incentive plans and bonus schemes and to determine the awards to be made under such plans or schemes; and
- To ensure that the remuneration policies adopted by the Company give due regard to any legal requirements, the provisions and recommendations in the QCA Code and the AIM rules and associated guidance.

The components of remuneration are:

- Basic salary and benefits determined by the Remuneration Committee which are included in employment agreements and reviewed annually;
- Bonuses based upon performance of the Company and the individual concerned; and
- Share options.

Service contracts

The employment contracts of the executive directors with the Company are terminable by either party with no less than twelve months' notice in writing to the other. The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association.

The service contracts of the directors, one third of whom who are eligible for re-election at the Annual General Meeting, are as follows:

Individual	Notice period
Anthony Gott (Executive Chairman and Interim CEO) (Appointed 1 August 2022)	12 months
Steven Harrison (Chief Financial Officer) (Appointed 22 April 2021)	12 months
Emmanuel Clair (Non-Executive Director)	12 months
David Wilkinson (Non-Executive Director) (Appointed 7 July 2021)	12 months
Seshu Bhagavathula (Non-Executive Director) (Appointed 17 December 2021)	12 months
Devyani Vaishampayan (Non-Executive Director) (Appointed 5 December 2022)	12 months

Directors' remuneration table

The remuneration of the Directors for the year to 31 March 2023 and the year to 31 March 2022 is set out in the table below.

		Base salary	Taxable benefits	Pensions	Total fixed	Bonus	Share option expense	Total variable	Total remuneration
		£	£	£	£	£	£	£	£
Wicher Kist	2023	239,322	9,485	-	248,807	85,662	914,266	999,928	1,248,735
	2022	233,190	582	7,762	241,534	56,250	1,926,487	1,982,737	2,224,271
Steven Harrison	2023	195,000	5,695	13,650	214,345	98,236	37,622	135,858	350,203
	2022	192,945	4,482	12,445	209,872	88,236	78,980	167,216	377,088
Anthony Gott¹	2023	177,425	3,378	-	180,803	40,000	658,600	698,600	879,403
	2022	-	-	-	-	-	-	-	-
Total	2023	611,747	18,558	13,650	643,955	223,898	1,610,488	1,834,386	2,478,341
	2022	426,135	5,064	20,207	451,406	144,485	2,005,467	2,149,953	2,601,359

1. On 1st August 2022, Anthony Gott was appointed Executive Chairman.

Non-Executive Directors' remuneration table

The remuneration of the Non-Executive Directors for the year to 31 March 2023 and the year to 31 March 2022 is set out in the table below.

		Base fee £	Additional fee £	Total expenses ¹ £	Total remuneration £	Basis for additional fee
Emmanuel Clair	2023	32,500	-	-	32,500	N/A
	2022	23,908	-	-	23,908	N/A
David Wilkinson	2023	38,500	-	716	39,216	Additional hours worked in excess of contracted hours.
	2022	28,322	8,107	-	36,429	
Seshu Bhagavathula	2023	38,524	-	-	38,524	N/A
	2022	13,117	-	-	13,117	N/A
Devyani Vaishampayan ²	2023	12,833	-	-	12,833	N/A
	2022	-	-	-	-	
Anthony Gott	2023	-	-	-	-	
	2022	35,678	-	-	35,678	
Total	2023	122,357	-	716	123,073	
	2022	101,025	8,107	-	109,132	

2. Devyani Vaishampayan was appointed Non-Executive Director on 5 December 2022.

Payments to past Directors

During the year to 31 March 2023, no further payments were made to any past Directors.

Payments for loss of office

During the year to 31 March 2023, no payments were made for loss of office.

Director shareholdings

Directors are not required to hold any shares of the Company by way of qualification.

At 31 March 2023, the Company had been notified that the following Directors were interested in the issued capital of the Company:

	Number of Ordinary shares	% of issued share capital
Wicher Kist	1,313,289	1.28%
Emmanuel Clair	12,777,622	12.42%
Anthony Gott	21,739	0.02%
David Wilkinson	11,956	0.01%

Saietta Group Share Option Plan (Audited)

Under the Plan, the Group can make awards of share options to selected directors and eligible employees.

Details of options for Directors who served during the year are as follows:

Directors	Share option scheme	Date of grant	At 31 March 2022 (No. of share options)	Granted during the year (No. of share options)	Lapsed during the year (No. of share options)	Exercised during the year (No. of share options)	At 31 March 2023 (No. of share options)	Exercise price (Pence)	Vesting date / period
Executive Directors									
Wicher Kist	SMT B	10/12/2020	1,927,052	-	-	-	1,927,052	1.20	31/12/2019 - 30/12/2022
	SMT C	01/04/2021	1,788,500	-	-	-	1,788,500	1.20	31/07/2021 - 31/07/2023
	SLTIP ¹	07/06/2021	750,000	-	-	-	750,000	1.00	31/03/2022
	ELTIP ²	07/06/2021	1,750,000	-	-	-	1,750,000	1.00	01/04/2021 - 31/03/2025
			6,215,552	-	-	-	6,215,552		
Steven Harrison	SLTIP ¹	07/06/2021	500,000	-	-	-	500,000	1.00	31/03/2022
	ELTIP ²	07/06/2021	100,000	-	-	-	100,000	1.00	01/04/2021 - 31/03/2025
			600,000	-	-	-	600,000		
Anthony Gott	SLTIP ¹	04/08/2022	-	750,000	-	-	750,000	1.20	07/07/2021
	ELTIP ²	04/08/2022	-	1,750,000	-	-	1,750,000	1.20	31/12/2019 - 30/12/2022
	NTA	04/08/2022	-	500,000	-	-	500,000	1.20	07/07/2021
			-	3,000,000	-	-	3,000,000		
			6,815,552	3,000,000	-	-	9,815,552		

¹ denotes the Standard Long-Term Incentive Plan available to all qualifying employees.

² denotes the Enhanced Long-Term Incentive Plan, available to qualifying senior management.

Saietta Group Share Option Plan

The share-based payment charge attributable to Directors in the year was £1,610,488 (2022: £2,005,467).



Steven Harrison
Chief Financial Officer
18th October 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with UK adopted international accounting standards, and with respect to the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). 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;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Governance statement of the Chairman

Board leadership and Company purpose:

The Board is collectively responsible for defining, approving, and monitoring the strategy to ensure it delivers long-term sustainable success within a fast-changing environment. The Directors use their judgement and objectivity, supported by a structured governance framework, which enables the Board to operate effectively, generating value for shareholders, and contributing to wider society. If a Director has a concern about the running of the Company which cannot be resolved, it would be recorded in the Board minutes. No such concerns arose during 2023.

Purpose, values and culture:

The Group's purpose is underpinned by the strategy and Business Plan. In order to operate effectively, it is important that the appropriate culture is embedded throughout the business, and this is approached in several ways:

- Code of Conduct;
- A designated Non-Executive Director responsible for workforce engagement;
- Whistleblowing contact;
- Remuneration policies and practices;
- Setting appropriate financial targets and monitoring performance against targets throughout the year;
- Employee engagement survey; and
- Delegated authorities

Division of responsibilities:

The Chairman is responsible for the leadership of the Board and is usually separate from the role of Group Chief Executive Officer. Following the resignation of Mr. Wicher Kist, as Group Chief Executive Officer, Mr. Anthony Gott assumed both roles on an interim basis. The Chairman sets meeting agendas designed to encourage constructive debate and promote a culture of openness and inclusion. He oversees that all Directors receive accurate, timely, and clear information.

The Group Chief Executive Officer is responsible for developing the Group's strategy, running the day-to-day operations, reporting to the Board on performance, implementing strategy, managing risk and internal control, and engaging with shareholders. The Senior Independent Director acts as a sounding board for the Chairman, serving as an intermediary to other Board members. The Senior Independent Director leads the annual appraisal of the Chairman's performance with the other Non-Executive Directors.

The Non-Executive Directors are appointed to provide a wide range of skills, knowledge, and experience to supply context to the matters being debated, and the decisions needed to achieve the strategic goals. The Non-Executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities. Directors must obtain prior approval from the Board before taking on another directorship to avoid over-boarding.

The Group Company Secretary supports the Board by providing advice on the governance framework and ensuring that the appropriate policies and procedures are in place to allow it to function effectively.

The Nomination Committee reviews the skills matrix and tenure of Directors on a regular basis to ensure its succession plan remains aligned with the natural rotation of Directors off the Board, and the strategic objectives of the Group in the longer term. The Nomination Committee engages external search consultancies when searching for Board position candidates.

The Directors must possess the skills, experience and knowledge to support and challenge management in the execution of the strategy and to provide sound advice and insight on material issues.

The Company adopts the Quoted Companies Alliance Corporate Governance Code (QCA Code). The QCA Code provides UK small and mid-sized companies with a corporate governance framework that is appropriate for a Company of our size and nature. The Board considers the principles and recommendations contained in the QCA Code to be appropriate for the Company.

Statement of compliance with the QCA Code and applying the principles of good governance

The Company is committed to meeting these principles as far as it reasonably can, and the commentary below reflects the extent to which the Company has complied with the QCA Code during the period under review.

The 10 principles set out in the QCA Code are listed below together with a short explanation of how the Company applies each of the principles.

Principle 1: Business model and strategy

The Directors believe that the Group's model and growth strategy will help to promote long-term value for Shareholders. An update on strategy will be given from time to time in the strategic report that is included in the annual report and accounts of the Group.

The Group's business model is covered in greater detail in the Chief Executive Officer's report.

In the financial year ended March 2023, there have been two key changes in the Group's business model, namely the discontinuance of Retromotion and Propel. These reflect a focus within the business away from activities that are non-core motor development. The subsequent events also detail arrangements with ConMet which further align to the more targeted deployment of Group resources into light duty EDrives.

Principle 2: Understanding and meeting Shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its principal Shareholders.

There will be an active dialogue maintained with Shareholders. Shareholders will be kept up to date via announcements made through a Regulatory Information Service on matters of a material substance and/or a regulatory nature. In the financial year ended March 2023, such communications have been made inter alia with regards to Retromotion and Propel discontinuance. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced through a Regulatory Information Service. The Company's AGM will be an opportunity for Shareholders to meet with the Non-Executive Chairman and other members of the Board. The meeting will be open to all Shareholders, giving them the opportunity to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM will be announced through a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and the Company intends to engage with Shareholders who do not vote in favour of resolutions at AGMs.

All contact details for investor relations are included on the Group's website.

Principle 3: Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its key customers, contractors, suppliers, regulators and other stakeholders.

The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, a companywide internal information system shares live information on key suppliers, customers and non-price sensitive projects, allowing the Company to efficiently fulfil customer requirements. Furthermore, all employees of the Company participate in an annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to promote successful two-way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and the collaborative nature of its design projects means it naturally incorporates findings from its key customers and suppliers in product development and evolution.

Principle 4: Risk management

The Board, through its committees is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage significant risks faced by the Group.

The principal risks facing the Group are set out in the Strategic Report. The Directors take appropriate actions to identify risks and undertake a mitigation strategy to manage these risks. A review of these risks is carried out on an annual basis, the results of which are included in the Annual Report.

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, and lines of responsibility. Financial reporting is carried out within a comprehensive financial planning and accounting framework with oversight by the Audit & Risk Committee. The Board has reviewed the need for an internal audit function and concluded that such a function is not currently appropriate given the size of the Group.

Principle 5: A Well-Functioning Board of Directors

As at the date hereof the Board comprised the Executive Chairman, Anthony Gott, the newly appointed Chief Executive Officer, Mr. David Woolley and the Chief Financial Officer, Steven Harrison and the Non-Executive Directors, Emmanuel Clair, David Wilkinson, Seshu Bhagavathula and Devyani Vaishampayan. The Non-Executive Directors, with the exception of Emmanuel Clair on the basis of his shareholding, are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.

The Board recognizes the preference within the QCA code on governance for the Chairman and Chief Executive roles to be separated and requested Mr. Anthony Gott to hold the roles of Executive Chairman and Interim Chief Executive Officer solely on a temporary basis whilst the Chief Executive Officer was recruited.

Executive and Non-Executive Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-executive directors are initially appointed for a three year term but their appointment is terminable by either party on three months' written notice. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least 6 times per annum. It has established an Audit Committee, a Remuneration Committee and a Nominations Committee, the particulars of which appear hereafter. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Group's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. David Wilkinson, Devyani Vaishampayan and Seshu Bhagavathula are considered to be Independent Directors by the Board. The Board shall review further appointments as scale and complexity grows.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors meet formally and informally both in person and by telephone.

The following table shows attendance of the directors at Board and the Committee meetings.

		Eligible to attend	
Board		Attended	
Wicher Kist (Chief Executive Officer)	6	6	6
Steven Harrison (Chief Financial Officer)	6	6	6
Emmanuel Clair (Non-Executive Director)	6	6	6
David Wilkinson (Non-Executive Director)	6	6	6
Seshu Bhagavathula (Non-Executive Director)	6	6	6
Anthony Gott (Executive Chairman)	6	6	6
Devyani Vaishampayan (Non-Executive Director)	2	2	2
		Eligible to attend	
Audit & Risk Committee		Attended	
Wicher Kist (Chief Executive Officer)	-	-	-
Steven Harrison (Chief Financial Officer)	2	2	2
Emmanuel Clair (Non-Executive Director)	2	2	2
David Wilkinson (Non-Executive Director)	2	2	2
Seshu Bhagavathula (Non-Executive Director)	-	-	-
Anthony Gott (Executive Chairman)	2	2	2
Devyani Vaishampayan (Non-Executive Director)	1	1	1
		Eligible to attend	
Remuneration Committee		Attended	
Wicher Kist (Chief Executive Officer)	-	-	-
Steven Harrison (Chief Financial Officer)	-	-	-
Emmanuel Clair (Non-Executive Director)	2	2	2
David Wilkinson (Non-Executive Director)	2	2	2
Anthony Gott (Executive Chairman)	-	-	-
Devyani Vaishampayan (Non-Executive Director)	1	1	1
Seshu Bhagavathula (Non-Executive Director)	1	2	2
		Eligible to attend	
Nomination Committee		Attended	
Emmanuel Clair (Non-Executive Director)	2	2	2
David Wilkinson (Non-Executive Director)	2	2	2
Anthony Gott (Executive Chairman)	2	2	2
Devyani Vaishampayan (Non-Executive Director)	1	1	1
Seshu Bhagavathula (Non-Executive Director)	1	2	2

Principle 6: Appropriate Skills and Experience of the Directors

The Board currently consists of two Executive Directors, and four Non-Executive Directors. In addition, the Group has employed the services of Fieldfisher Secretaries to act as the Company Secretary. Field Fisher LLP for all legal advice and Nash and Co Limited as corporate advisers on major corporate transactions such as acquisitions and OEM contract agreements. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional expertise across geographies and industries and each of the Directors has experience in public markets. The Directors maintain such skillsets both through their involvement with other companies and professional education. Both the company secretary and senior independent director specifically advise the Board on regulatory matters.

The Directors maintain such skillsets both through their involvement with other companies and professional education. The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Anthony (“Tony”) David Gott (Executive Chairman and Interim Chief Executive Officer)

Mr. Gott joined the Board at Admission on 7 July 2021. On 1 August 2022, Mr. Gott was appointed Executive Chairman and on 17th April he was appointed Interim Chief Executive Officer.

Mr. Gott is a highly experienced executive, with strong automotive, construction, public sector and aviation experience.

Most recently, Mr. Gott was Vice President of People & Places Solutions at Jacobs Engineering Limited, Managing Director of Brandspring Limited (a company formed to combine a series of interim director roles), Chairman and Chief Executive of Rolls-Royce Motor Cars Ltd, and Chairman and Chief Executive of Bentley Motors Ltd. Previously, Mr. Gott was Director of Engineering at Rolls-Royce & Bentley Motors, Director of Projects and General Manager of Strategic Planning.

Steven Harrison (Chief Financial Officer)

Mr. Harrison joined the Company as an employee on 6 April 2021 and was appointed as a director of the Company on 22 April 2021.

Most recently, Mr. Harrison was interim CFO at JATO Dynamics Limited and has held a number of similar roles including Interim Finance and Business Development Director at Arriva Group, CFO of Global Business Services at International Airlines Group, Group CFO at Avios Group Limited, Group CFO at Waterlogic plc, CFO for Northern Europe at International SOS, Director of Strategic Projects at Avis Europe Group, CFO of the Americas for John Menzies PLC and Regional Financial Controller for Europe and South America at Inchcape plc.

Emmanuel Clair (Non-Executive Director)

Mr. Clair became a director of the Company in 2018 and, prior to Admission, served as the Non-Executive Chairman.

Mr. Clair started his career in France as a research engineer in construction and then electricity. Over the last 20 years he has been working in the financial industry in London.

Mr. Clair worked at EDF for eight years, then for 12 years at Goldman Sachs where he managed the three energy trading desks in London covering gas, power, emissions, oil and oil products. Mr. Clair is also Managing Partner at Mercuria, a global energy and commodity group. Having observed a deep shift towards higher tech and cleaner solutions with very high penetration in the oil and renewable industries, Mr. Clair realised that a similar outcome would likely occur in the electric drive sector and, therefore, decided to invest personally in Saietta.

David Wilkinson (Non-Executive Director and Deputy Chairman)

Mr. Wilkinson joined the Board at Admission on 7 July 2021.

Mr Wilkinson is an experienced Non-Executive Chairman and Director, with a history of advising fast-growth entrepreneurial businesses.

He is Non-Executive Director and Audit & Risk Committee Chair at Marks Electrical, an online domestic appliance retailer, which listed on AIM last year, and is Remuneration Committee Chair at RBG Holdings, an AIM-listed professional services group. Mr Wilkinson also chairs a private overseas property group and he is a Non-Executive Director of an early stage medical technology company.

Mr Wilkinson trained as a Chartered Accountant at Ernst & Young LLP, going on to become a senior partner, working extensively within the firm for over three decades, supporting growth companies.

Seshu Bhagavathula (Non-Executive Director)

Mr. Bhagavathula joined the board on 17 December 2021.

Mr. Bhagavathula has 30 years’ experience in the automotive industry, as an Independent Non-Executive Director and is currently a Non-Executive Director of Swedish electric truck manufacturer, Volta Trucks AB.

Mr. Bhagavathula, who also holds a role advising the Hong Kong-based investment firm Jebsen Capital on its automotive investments, currently represents Jebsen on the Board of Cipia, formerly Eyesight Technologies, an AI firm for driver and cabin sensing technologies.

Earlier in his career, Mr. Bhagavathula spent 18 years across a number of roles at Daimler AG, including over 4 years in India where he founded DaimlerChrysler's R&D centre in Bangalore. From 2016, Mr. Bhagavathula spent nearly five years at Ashok Leyland, the Indian bus and truck manufacturer, as Chief Technology Officer and then President - New Technologies.

Devyani Vaishampayan (Non-Executive Director)

Ms. Vaishampayan is an experienced Independent Non-Executive Director. She is Audit Chair at Norman Broadbent Plc, NED on the Audit Board at Mazars and on the REMCO Committee at The England & Wales Law Society. In addition, Devyani is CEO of the HR TECH Partnership. Prior to these roles, Devyani has been an international and multi-sector Chief Human Resources Officer in organizations across various industries such as Citibank, AT&T, British Gas, Rolls-Royce and BSI. Devyani is considered a thought Leader around the Future of Work, Inclusive Leadership, Digitization of the workforce and is a frequent speaker at business events.

Principle 7: Evaluation of Board Performance

Internal evaluation of the Board, and individual Directors will be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant. In the financial year ended March 2023 these discussion concentrated on the need to refocus the business on its LDE operations.

During the year, the composition of the Saietta Group plc Board and its committees, including succession planning was discussed. The review concluded that the Board, its committees and individual directors were all operating effectively.

Principle 8: Corporate Culture

The Group has a responsibility towards its staff and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The staff handbook and policies promote this culture and include such matters as public interest disclosure (whistleblowing), social media, anti-bribery and corruption, anti-money laundering and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

The culture is set by the Board and is regularly considered and discussed at Board meetings.

Principle 9: Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Executive Chairman is responsible for the effectiveness of the Board, primary contact with shareholders, and oversight of management of the Company's business.

Audit & Risk Committee

The Audit & Risk Committee is chaired by David Wilkinson and he is supported by Devyani Vaishampayan and Emmanuel Clair. This committee meets at least twice a year. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for the reporting of the financial performance of the Group and for reviewing financial statements prior to publication.

Furthermore, the Audit & Risk Committee assists the Board in fulfilling its oversight responsibilities with regard to Group risk management and compliance framework and governance structure that supports it.

Remuneration Committee

The Remuneration Committee is chaired by Devyani Vaishampayan and she is supported by David Wilkinson and Emmanuel Clair. The Remuneration Committee meets as required during each financial year. It is responsible for reviewing the performance of the executive directors and setting the scale and structure of their remuneration and the basis of their service agreements with due regard to the interest of shareholders. The Remuneration Committee shall also determine the allocation of share options to employees. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

Nominations Committee

The Nominations Committee was established at Admission and is chaired by Devyani Vaishampayan and she is supported by David Wilkinson and Emmanuel Clair. The Nominations Committee meets to review the size, structure and composition of the Board ensuring that the Board and its Committees have appropriate balance of skills, knowledge and experience. The Nominations Committee reviews all Board appointments.

It is the Board's intention to add an Environmental, Social and Corporate Governance ("ESG") Committee following the arrival of the new Chief Executive Officer.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. Non-Executive Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Non-executive directors are initially appointed for a three year term but their appointment is terminable by either party on three months' written notice.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

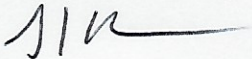
Principle 10: Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, www.saiettagroup.com, and via Anthony Gott, Executive Chairman, David Wilkinson, Deputy Chairman, and Fieldfisher Secretaries Limited, Company Secretary, who are available to answer investor relations enquiries.

The Group shall include, when relevant, in its annual report, any matters of note arising from the Audit or Remuneration Committees. Please refer to "Principle 9: Maintenance of Governance Structures and Processes" for all matters arising from these committee meetings.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and the Company intends to engage with Shareholders who do not vote in favour of resolutions at AGMs.



Steven Harrison
Chief Financial Officer
18th October 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC

to the members of Saietta Group plc

Independent auditor's report to the members of Saietta Group PLC

Opinion on the financial statements

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 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Saietta Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that if the revenue generation included in the forecasts or the reimbursements for the equipment from Saietta VNA are delayed, this may result in the need to raise additional funding which is not guaranteed. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.

We have highlighted going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We assessed the Directors' cash flow forecasts for the period to October 24 and the underlying assumptions, which have been approved by the Board. Our testing included a comparison of forecasted revenues to actual results together with consideration of expected costs compared to historical actuals. In doing so, we held discussions with the Directors to establish the level of certainty of the expected gross profits and reviewed correspondence with future potential customers and contracts entered into.
- We compared the Group's actual operational results to the budget for 2023 to assess the quality of Directors' budgetary process.
- We have performed a mathematical check on the cash flow model.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC
to the members of Saietta Group plc

Material uncertainty relating to going concern (continued)

- We obtained cash flow projections for the Group's associate company in India, Saietta VNA and held discussions with management to challenge the key assumptions in their models, agreeing underlying supporting evidence such as signed contracts and memorandums of understanding to support the forecasts.
- For other forecast revenues we obtained supporting evidence such as underlying contracts to support the revenue projections.
- We challenged costs by reference to actual costs and contracts as appropriate.
- We reviewed and considered the adequacy and consistency of the disclosure within the financial statements relating to the Directors' assessment of going concern basis of preparation against the cash flow models to ensure key judgements within the assessment are appropriately disclosed.

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

Overview

Coverage	<p>99% (2022: 99%) of Group loss before tax 97% (2022: 100%) of Group revenue 99% (2022: 98%) of Group total assets</p>																		
Key audit matters	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;">2023</th> <th style="width: 10%; text-align: center;">2022</th> </tr> </thead> <tbody> <tr> <td>Revenue recognition for engineering and design services</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Impairment of development costs</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Going concern</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Share option valuation</td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Acquisition accounting valuation risk</td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>Share option valuation is no longer considered to be a key audit matter because the valuation method is consistent with prior year and there were a limited number of new share options awarded in the year.</p> <p>Acquisition accounting risk is no longer considered to be a key audit matter because there were no business combinations the 2023 financial year.</p>		2023	2022	Revenue recognition for engineering and design services	<input type="checkbox"/>	<input type="checkbox"/>	Impairment of development costs	<input type="checkbox"/>	<input type="checkbox"/>	Going concern	<input type="checkbox"/>	<input type="checkbox"/>	Share option valuation		<input type="checkbox"/>	Acquisition accounting valuation risk		<input type="checkbox"/>
	2023	2022																	
Revenue recognition for engineering and design services	<input type="checkbox"/>	<input type="checkbox"/>																	
Impairment of development costs	<input type="checkbox"/>	<input type="checkbox"/>																	
Going concern	<input type="checkbox"/>	<input type="checkbox"/>																	
Share option valuation		<input type="checkbox"/>																	
Acquisition accounting valuation risk		<input type="checkbox"/>																	
Materiality	<p><i>Group financial statements as a whole</i></p> <p>£600k (2022:£620k) based on 1.5% (2022:1.5%) of total assets</p> <p><i>Specific materiality</i></p> <p>£270k (2022:£140k) based on 2% (2022:1.5%) of expenditure. Given significance of the intangibles assets, property plant and equipment, share capital and reserves and inventory balances in the current financial year, a specific materiality is considered appropriate to ensure sufficient audit evidence is obtained over all accounts other than the above mentioned.</p>																		

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC

to the members of Saietta Group plc

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In approaching the audit we considered how the Group is organised and managed. The Group's operations are located in the UK and the Netherlands. In addition, the Group has an associate in India which was set up in the year.

Following our risk assessment two significant components were identified, being the UK Parent Company, Saietta Group PLC and Saietta Europe B.V, a Company located in the Netherlands. For UK Parent Company and Saietta Europe B.V, a full scope audit was performed by the Group audit team and component audit team (BDO Netherlands) respectively. The remaining components were considered non-significant to the Group audit. The Group audit team undertook an audit of the specified account balances and analytical review procedures on the financial information of these non-significant components.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- We held planning and completion meetings with the component auditors to discuss the risks and provide an update on the business activities.
- Detailed Group reporting instructions were sent to the component auditors, which included the materiality levels, significant risks and significant areas to be covered by their audit, and set out the information to be reported to the Group team.
- We held meetings during the course of the audit to understand the audit progress and provided direction and supervision throughout.
- We received and reviewed Group reporting submissions and performed a review of the component auditors' audit file. Our review was performed remotely using our online audit software.
- We held clearance meetings with the component auditors to discuss significant audit and accounting issues and judgements and to understand the work which had been undertaken.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. In addition to the matter disclosed in the material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC
to the members of Saietta Group plc

Key audit matter	How the scope of our audit addressed the key audit matter
<p><i>Revenue Recognition for engineering and design services</i></p> <p><i>See note 2,3 and 5.</i></p> <p>The Group earns revenue through a range of revenue streams. The main stream is the revenue generated through the engineering and design services which sits within the Light duty Segment.</p> <p>Revenue for engineering design services is recognised over time and there is a risk due to the inherent uncertainty in the estimate of the stage of completion and costs to complete.</p> <p>The Group recognises revenue from engineering and design services using the input method (i.e. Costs incurred compared to forecast costs) to measure revenue. This involves the use of judgement by management, particularly in respect of the forecast costs to complete.</p> <p>In addition, revenue contracts for engineering and design services often includes hardware deliverables. This also involves management judgement in respect of the appropriate treatment of the contract performance obligations.</p> <p>We therefore considered revenue from engineering and design services recognition to be a key audit matter.</p>	<p>In addressing the risk, we performed the following procedures:</p> <ul style="list-style-type: none"> • For all engineering design services revenue contracts in the year we obtained and reviewed the key terms to understand the key performance obligations. • We held discussions with the engineers and project teams to understand the commercial terms of the contract and the stage of completion at the end of the year. • We evaluated the contractual obligations and challenged management if the delivery of hardware components represents a separate performance obligation. • We inspected the extraction of timecard reports for year from the system for completeness of the timecard reports and held discussions on a sample of individuals to confirm that the time charged related to the projects recorded. • For internal costs we agreed on a sample basis the underlying costs for labour rates to employee contracts and timecard analysis. For external costs we vouched on a sample basis to underlying invoices and quotes. • Reviewed contract costs post year end agreeing to timecard reports and underlying invoices to challenge costs to complete. • Recalculated revenue using the actual costs incurred to the end of the year against total expected costs for the contract and contractual revenues and compared our calculation of this to the revenue recognised by Management. <p>Key observations:</p> <p>Based on the procedures performed, we consider the judgements made by management in recognising engineering design revenue are appropriate.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC
to the members of Saietta Group plc

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Impairment of development costs</p> <p>See note 2,3 and,38.</p> <p>Under UK IASs, the Group is required to annually test the amount of intangibles not yet ready for use for impairment. This annual impairment test was significant to our audit because the balance of £10.9m as at the year end is highly material to the financial statements.</p> <p>In addition, management's assessment process is complex and highly judgemental and is based on assumptions, specifically in respect of the determination of the future cashflows, discount rate and growth rate used in the discounted cashflow model which are affected by expected future market or economic conditions.</p> <p>We therefore considered it to be a key audit matter.</p>	<p>In addressing the risk, we performed the following procedures:</p> <ul style="list-style-type: none"> • We obtained management's intangible assets impairment assessment and held meetings with management to understand the assumptions applied in the impairment model, particularly on forecasted cashflows discount rate and growth rate. • We engaged an internal valuation expert to assist us in evaluating the assumptions and methodologies used by management, in particular those relating to the discount rate and assessing the accuracy of the model. • We performed a retrospective review on the cashflow budget prepared by management through comparing to the actual results to assess the effectiveness of the budgeting process. • We checked the arithmetical accuracy of the calculations. • We challenged management on the feasibility of the budgeted cashflows and performed sensitivity analysis which resulted different possible outcomes compared to management's assessment. • The majority of the future cashflows are expected to from royalties and dividends from the associate, Saietta VNA and other customers. We held discussions with the Saietta VNA CFO to understand the current status of their sales pipelines, contracts signed and other key evidence to support these expected forecasts. <p>Key observations:</p> <p>Based on the procedures performed, we consider the judgements made by management in testing impairment of intangible assets are appropriate.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC
to the members of Saietta Group plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	600 000	620 000	520 000	590 000
Basis for determining materiality	1.5% of total assets	1.5% of total assets	1.5% of total assets	1.5% of total assets
Rationale for the benchmark applied	The asset base is considered to be a key financial metric for users of the financial statements as the Group is a development business the risk is in the recoverability of the intangibles recognised	The asset base is considered to be a key financial metric for users of the financial statements as the Group is a development business the risk is in the recoverability of the intangibles recognised	The asset base is considered to be a key financial metric for users of the financial statements as the Parent Company is a development business the risk is in the recoverability of the intangibles recognised	The asset base is considered to be a key financial metric for users of the financial statements as the Parent Company is a development business the risk is in the recoverability of the intangibles recognised
Performance materiality	420 000	403 000	364 000	383 500
Basis for determining performance materiality	70% of Materiality, set after considering a number of factors including the expected value of known and likely misstatements, based on past experience and Management's attitude towards proposed adjustments	65% of Materiality, set after considering a number of factors including the expected value of known and likely misstatements, based on past experience and Management's attitude towards proposed adjustments	70% of Materiality, set after considering a number of factors including the expected value of known and likely misstatements, based on past experience and Management's attitude towards proposed adjustments	65% of Materiality, set after considering a number of factors including the expected value of known and likely misstatements, based on past experience and Management's attitude towards proposed adjustments

Specific materiality

We also determined that for Saietta Group PLC, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items of £270k (2021:£140k) based on 2% (2022:1.5%) of expenses before share option charge for all other areas other than intangible assets, inventory, share options, share capital and property plant and equipment. We further applied a performance materiality level of 70% (2022:65%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC to the members of Saietta Group plc

Component materiality

For the purposes of our Group audit opinion, we set materiality for Saietta Europe BV, based on a percentage of 50% (2022: 50%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. The component materiality amounted to £350,000 (2022: £310,000). In the audit of the component, we further applied performance materiality levels of 70% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10,400 (2022:£7,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none">• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none">• 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC

to the members of Saietta Group plc

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be AIM Listing Rules, UK adopted international accounting standards, United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice), the UK Companies Act 2006 and UK and Dutch tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and intellectual property and licencing laws and regulations.

- Holding discussions with Management and the audit committee enquiring about any instances of non-compliance with laws and regulations;
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Review of correspondence from the Group's tax adviser and involvement of internal tax specialists in the audit;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC

to the members of Saietta Group plc

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with Management and the audit committee as to their knowledge of any known or suspected fraud instances of fraud;
- Reviewing minutes from board meetings of those charged with governance to identify any instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition see (Key audit matters above in respect of revenue recognition).

Our procedures in respect of the above included:

- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud by agreeing our selection to supporting documentation;
- Performing a detailed review of the Group's year end adjusting entries and investigating any that appears unusual as to the nature or amount by agreeing our selection to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year-end, investigating the possibility of related parties and the sources of financial statement resources supporting the transactions;
- Assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management's appropriateness of these judgements, including those set out in the Key Audit Matters section above; and
- Extending enquiries to individuals outside of Management and the accounting department to corroborate Management's ability and intent to carry out plans that are relevant to developing their estimations;

We also communicated relevant identified laws and regulations and potential fraud risks to the component audit team and all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

In respect of the component auditors, we communicated specific procedures to be performed in relation to testing the appropriateness of journal entries made throughout the year by applying specific criteria to select journals which may be indicative of possible irregularities and fraud, including specific procedures over the identified fraud risk areas of management override of controls and revenue recognition. This further comprised of assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management on the appropriateness of these judgements. As part of our Group audit, we performed a review of the component auditors' file, which included the areas detailed above.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAIETTA GROUP PLC to the members of Saietta Group plc

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Marc Reinecke

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Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
19th October 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022*
	Notes	£	£
Continuing operations			
Revenue	6	2,102,959	1,382,777
Cost of sales		(1,450,435)	(586,966)
Gross profit		652,524	795,811
Other income	7	2,674,520	678,411
Other costs of sale	7	(918,291)	-
Administrative expenses		(21,784,959)	(13,091,952)
Share option costs	9	(2,335,944)	(4,406,334)
Other administrative expenses	9	(19,449,015)	(8,685,618)
Gain on bargain purchase		-	704,761
Operating loss	8	(19,376,206)	(10,912,969)
Finance income	11	75,338	5,523
Finance expense	11	(278,046)	(99,604)
Share of results of associate	17	(243,406)	-
Other gains and losses	18	(605,377)	(78,058)
Loss before taxation		(20,427,697)	(11,085,108)
Tax credit	12	490,188	377,420
Loss for the year from continuing operations		(19,937,509)	(10,707,688)
Discontinued operations			
Loss for the year from discontinued operations	38	(7,868,640)	(46,977)
Loss for the year attributable to equity holders of the parent company		(27,806,149)	(10,754,665)
Other comprehensive loss, net of income tax, to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		(235,772)	(27,587)
Total comprehensive loss for the year		(28,041,921)	(10,782,252)
Basic and diluted loss per share in pence	13		
- Continuing operations		(0.21)	(0.14)

The earnings per share calculation relates to continuing operations. The notes on pages 44 to 92 form part of these financial statements.

*Comparative figures have been restated to exclude income and expenditure relating to discontinued operations. A reconciliation of the balances is included in note 38.

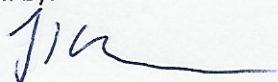
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

ASSETS	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	14	10,916,016	8,365,506
Property, plant and equipment	15	8,113,009	3,498,541
Right-of-use assets	16	5,715,671	2,815,049
Investment in associate	17	1,285	-
Other financial assets	23	500,000	-
Trade and other receivables	21	141,195	734,526
Prepayments and accrued income	22	129,016	101,825
Total non-current assets		25,516,192	15,515,447
Current assets			
Inventories	19	498,407	2,470,043
Trade and other receivables	21	2,984,033	5,070,139
Prepayments and accrued income	22	3,209,304	1,237,197
Cash and cash equivalents	20	7,247,267	18,402,055
Assets of disposal groups held for sale	38	227,474	-
Total current assets		14,166,485	27,179,434
TOTAL ASSETS		39,682,677	42,694,881
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	24	3,035,454	6,819,521
Lease liabilities	33	1,123,085	470,069
Contract liabilities	25	326,286	-
Liabilities of disposal groups held for sale	38	918,828	-
Total current liabilities		5,403,653	7,289,590
Non-current liabilities			
Lease liabilities	33	5,058,290	2,380,537
Provisions	29	31,541	168,130
Liabilities for financial guarantees	28	-	41,833
Total non-current liabilities		5,089,831	2,590,500
EQUITY			
Share capital	30	113,209	93,557
Share premium	30	56,670,326	34,671,275
Share options reserve	31	14,615,611	12,217,991
Translation reserve		(157,537)	(27,939)
Translation reserves of disposal groups		(106,174)	-
Accumulated losses		(41,946,242)	(14,140,093)
Total equity		29,189,193	32,814,791
TOTAL EQUITY AND LIABILITIES		39,682,677	42,694,881

The notes on pages 48 to 92 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 18 October 2023 and were signed on its behalf by:



Steven Harrison
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Notes	Share capital £	Share premium £	Share options reserve £	Translation reserves £	Accumulated losses £	Total £
Balance at 1 April 2021		51,921	-	7,318,820	(352)	(3,457,911)	3,912,478
Comprehensive loss for the period							
Loss for the period		-	-	-	-	(10,754,665)	(10,754,665)
Exchange differences on translation of foreign operations		-	-	-	(27,587)	-	(27,587)
Total comprehensive loss		-	-	-	(27,587)	(10,754,665)	(10,782,252)
Contributions by owners							
Issue of shares	30	32,245	35,145,382	-	-	-	35,177,627
Share issue costs offset against share premium	30	-	(2,868,972)	-	-	-	(2,868,972)
Share-based payments	31	-	-	4,899,171	-	-	4,899,171
Share issues on exercise of employee share options	30	6,091	58,165	-	-	-	64,256
Settlement of the convertible loan notes		-	-	-	-	72,483	72,483
Shares issued on conversion of convertible loan notes	30	3,300	2,336,700	-	-	-	2,340,000
Balance at 31 March 2022		93,557	34,671,275	12,217,991	(27,939)	(14,140,093)	32,814,791
Balance at 1 April 2022		93,557	34,671,275	12,217,991	(27,939)	(14,140,093)	32,814,791
Comprehensive loss for the period							
Loss for the period		-	-	-	-	(27,806,149)	(27,806,149)
Exchange differences on translation of foreign operations		-	-	-	(129,598)	-	(129,598)
Translation reserves of disposal groups		-	-	-	(106,174)	-	(106,174)
Total comprehensive loss		-	-	-	(235,772)	(27,806,149)	(28,041,921)
Contributions by owners							
Issue of shares	30	18,812	23,581,189	-	-	-	23,600,001
Share issue costs offset against share premium	30	-	(1,590,469)	-	-	-	(1,590,469)
Share-based payments	31	-	-	2,397,620	-	-	2,397,620
Share issues on exercise of employee share options	30	840	8,331	-	-	-	9,171
Balance at 31 March 2023		113,209	56,670,326	14,615,611	(263,711)	(41,946,242)	29,189,193

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022
		£	£
Operating activities			
Loss after taxation		(27,806,149)	(10,754,665)
Adjustments for non-cash items:			
Taxation	12	(490,188)	(377,420)
Depreciation of property, plant and equipment	15	578,010	174,451
Impairment of property, plant and equipment	15	137,668	-
Depreciation of right-of-use assets	16	989,021	270,477
Amortisation of intangible assets	14	286,222	72,384
Impairment of intangible assets	14	107,166	-
Impairment of net assets held for sale		2,538,209	-
Charge for share options granted	31	2,397,620	4,406,334
Loss on disposal of property, plant and equipment		34,369	1,900
Loss on disposal of right of use assets		485,473	-
(Profit)/loss on Forex differences		(435,738)	3,204
Interest income	11	(75,338)	(5,523)
Interest expense	11	278,046	104,621
Loss provision against other receivable	18	600,000	-
Share of results of associate	17	243,406	-
Provision for bad debts		89,936	-
Provision for inventory obsolescence		1,860,993	-
(Decrease)/increase in financial guarantee contract	28	(41,833)	41,833
Gain on bargain purchase		-	(704,761)
Cash used in operating activities before changes in working capital		(18,223,106)	(6,767,165)
Change in working capital			
Decrease/(increase) in debtors		(194,606)	(4,869,032)
Decrease/(increase) in inventories		110,643	(669,692)
(Decrease)/increase in non-interest bearing liabilities		(3,457,781)	4,802,519
Decrease in provisions		(136,589)	(279,826)
Tax received		289,075	-
Net cash flow used in operating activities		(21,612,364)	(7,783,196)
Investing activities			
Interest received	11	75,338	5,523
Intangible fixed asset additions	14	(968,427)	(515,939)
Capitalised internally generated development costs	14	(3,311,152)	(3,594,038)
Purchase of property, plant and equipment	15	(5,535,108)	(3,389,798)
Investment in equity accounted associate	17	(267,784)	-
Loan advanced to associate	23	(500,000)	-
Acquisition of subsidiary, net of cash		-	(1,427,246)
Net cash used in investing activities		(10,507,133)	(8,921,498)
Financing activities			
Proceeds on issue of shares	30	23,609,172	35,241,809
Repayment of lease liabilities	27	(659,993)	(281,872)
Share issue costs	30	(1,590,469)	(2,507,409)
Interest paid on lease liabilities	11	(274,891)	(18,609)
Repayment of borrowings		-	(176,111)
Interest paid	11	(3,155)	(13,529)
Net cash flow from financing activities		21,080,664	32,244,279
Net change in cash and cash equivalents		(11,038,833)	15,539,585
Cash and cash equivalents, beginning of year		18,402,055	2,862,470
Exchange variances on cash and cash equivalents		(12,476)	-
Cash and cash equivalents for continuing and discontinued operations		7,350,746	18,402,055

The cash and cash equivalents balance includes cash from discontinued operations which are included in the held for sale line on the balance sheet. The cash for this is disclosed separately in note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. General information

Saietta Group plc ("the Company") and its subsidiaries are collectively referred to as "the Group". The Company is a public limited company, registered in England and Wales. The address of its registered office is Riverbank House, 2 Swan Lane, London, EC4R 3TT.

The principal activity of the company is the provision of electric drive solutions including the manufacture of prototype and production electric motors for vehicles.

2. Basis of preparation and significant accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention. The presentation currency used is sterling and amounts have been presented rounded to the nearest £.

Preparation of consolidated financial statements

Where the company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The subsidiaries are consolidated from the date on which they were incorporated or acquired.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

(b) Changes in accounting policies

(i) New standards, amendments to standards or interpretations

No new standards, interpretations and amendments adopted in the year have had a material impact on the Group.

(ii) New standards, amendments to standards or interpretations not yet applied

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

There have been amendments to some accounting standards:

IFRS 3 Business Combinations: Reference to the Conceptual Framework

IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

There are no new standards, interpretations or amendments not yet applied which the Directors anticipate will have a material impact on the Group.

(c) Significant accounting policies

Revenue recognition

Performance obligations and timing of revenue recognition

A portion of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.

The Group's Lightweight and Heavy-duty divisions both carry out design (consultancy-type) services for clients, with revenue recognised typically on an over time basis. This is because the designs created have no alternative use for the Group and the contracts would require payment to be received for the time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the contract. On partially complete design contracts, the Group recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date. These design contracts include commitment fees which are fees payable by customers in order to secure exclusive access to certain goods and services of the Group and thus precludes the Group from offering those goods and services to other customers. They are recognised over the period of the contract.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Revenue recognition (continued)

Allocating amounts to performance obligations

For most contracts for goods, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

For most contracts for design services, revenue is recognised over time in accordance with percentage completion. Accordingly, the transaction price is allocated in accordance by reference to the actual costs incurred as a proportion of the total expected cost of the products and services to be provided for each performance obligation. Allocation of transaction price may include allocation of discounts, which are applied on a proportionate basis to all performance obligations based on the stand-alone selling price of each performance obligation (observable or estimated).

In order to win significant repeat business with key customers, the Group might enter into contracts entitling them to discounts if it places repeat orders in the future. Such discounts constitute a 'material right' and result in some of the consideration received for the initial sale being deferred and recognised as revenue when subsequent sales are fulfilled or (if later) when the rights to receive a discount expire. The Group estimates both the probability that the customer will take up its future discount offer and the value of future purchases that might be made in order to estimate the value of the rights granted. This has to be done on a contract-by-contract basis for each customer to whom material rights have been granted. The Directors do not consider past experience an appropriate basis for estimating the amount of total contract revenue to allocate to future discount rights for two reasons. Firstly, there is not a significant number of such contracts on which past experience can be extrapolated. And secondly, each customer has unique circumstances which will impact both the probability and value of additional orders being placed. Therefore, the estimates are made by reference to discussions had with the relevant customers as to the extent the discount options will be taken up when the original contracts were negotiated.

Costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- for RetroMotion contracts, where the Group retrofits existing diesel-engine powered buses with in-wheel electric motor technology, revenue is recognised over time by reference to the stage of completion with control of the asset remaining with the customer for the duration of the contract. Consequently, no asset for work in progress is recognised.
- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for engineering design service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

Practical expedients

The company has taken advantage of the practical expedients:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Grant income

The Group enters into consortiums with partners who together will apply for grant income to be paid out against a project that contains defined deliverables, clear outcomes and a set level of expenditure.

Expenditure comprises both capital purchases for equipment and operational expenditure for labour and supplies.

Each partner agrees a set level of expenditure at the start of the project and a level of grant income paid for by the grant provider is allocated for payment against the expenditure incurred, however the deliverables on the project for each partner are linked. Such projects are sought by the Group as they provide funding over one or more work streams that form part of the Group's programme(s) to deliver increased production capacity.

The Group recognises the costs of a project in the period in which they are incurred when related to qualifying expenditure. The grant income that is provided against this total expenditure is recognised as income when received from the issuing authority. Recognition occurs at this point as its release is subject to the issuer's review and confirmation of compliance with all conditions for release. The grant related to assets is deferred and recognised as income in the same period in which the grant-related asset is being depreciated.

Assets acquired for use in such projects are depreciated in accordance with the Group's depreciation policy.

The grant programmes that the Group participates in typically operate on a three month cycle, with recoverable income over each three month period paid in the month following that period.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provisions are made when a present obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is also the Group's functional currency.

Transactions entered into by the Group in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Intangible assets

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant externally acquired intangibles recognised by the company and their useful economic lives are as follows:

Intellectual property patents	10% straight line
Software	25% reducing balance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Intangible assets (continued)

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are subsequently amortised on a straight line basis over the periods the company expects to benefit from selling the products developed, which ranges from 8 to 10 years. The amortisation expense is included within the administrative expenses in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

The aggregate value of the capitalised development expenditure for each product is reviewed at the end of each accounting period and where the circumstances which have justified the deferral of the expenditure set out above no longer apply, or are considered doubtful, the expenditure, to the extent to which it is considered to be irrecoverable, is impaired. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Intangible assets that are yet to be amortised are tested for impairment annually.

Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	Remaining lease term
Plant and machinery	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	Four years

Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. At the end of the initial period, asset lives reach a residual value at which they are either suitable for replacement or extended life after maintenance and overhaul.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Property, plant and equipment (continued)

Assets under construction

Assets under construction relates to the construction of an automated production line which at 31 March 2023 was not yet ready for use.

Assets under construction are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Any costs not capitalised as part of the factory cost will be expensed to the statement of profit or loss as incurred.

Depreciation on assets under construction does not commence until they are complete and available for use.

When necessary, the entire carrying amount of the assets under construction is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Financial instruments

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

• Financial assets

The Group carries its financial assets at amortised cost.

Amortised Cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Financial instruments (continued)

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised separately in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and accrued income, and cash and cash equivalents in the balance sheet. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

• *Financial liabilities*

The Group does not have any borrowings or liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

• *Financial guarantee contract liabilities*

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Financial instruments (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised on the difference between the carrying amount of an asset or liability and the amount at which that asset or liability is assessed for tax purposes (tax base). Historical accumulated tax losses would give rise to a net deferred tax asset for the Group. However, due to the uncertainty on future recovery the Directors considered it prudent not to recognize such asset at this time.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Prepayments

Prepayments are recognised as assets in the statement of financial position when:

- The Group has made an advance payment for goods or services to be received in the future,
- It is probable that economic benefits associated with the prepayment will flow to the Group, and
- the amount of the prepayment can be measured reliably.

Prepayments are initially measured at the amount paid, and are released over the period over which the related goods or services are consumed or utilised.

Prepayments are presented as current assets in the statement of financial position to the extent that they are expected to be realised within the following 12 months. The portion of prepayments to be realised following one year from the reporting date is presented in non-current assets.

Prepayments are derecognised when the related goods or services are received or consumed, or when the right to receive the goods or service no longer exists. Any remaining balance is removed from the statement of financial position and the relevant expense is recognised in the statement of comprehensive income.

Accrued income

Accrued income represents revenue and grant income that has become due to the Group but has not been claimed or received at the reporting date.

Accrued income is recognised when:

- There is an unconditional right to receive the income
- The income can be reliably measured, and
- It is probable that the economic benefits associated with the income will flow to the company.

Accrued income is presented in current assets as it is expected to be realised within 12 months of the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; or
 - The Group designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straight-line basis over the expected useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option and lease payments in relation to lease extension option if the Company is reasonably certain to exercise purchase or extension options and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Provisions

The Group applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are held for product warranty as detailed in note 29 to the consolidated financial statements.

Warranty provisions

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Onerous contract provisions

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the consolidated income statement in the period to which they relate.

Share-based payments

The Group also enters into arrangements that are equity-settled, share-based payments with certain employees (including directors) in the form of share options. During the period covered by the financial statements, the Group operated a HM Revenue and Customs approved share option scheme. This scheme is an Enterprise Management Incentive scheme where equity options are made to certain qualifying employees to reward and incentivise them. The equity share based payments are measured at the fair value of the equity at the grant date.

The scheme was open to all qualifying employees who are an employee within the Group working 25 hours per week for the Group, or if less, at least 75% of their working time.

The Listing was a necessary condition for exercise.

Employees who leave the Group are entitled to exercise their vested options after they leave the employment of the Group if they meet the requirements of a "good leaver", defined to be exit from the business for grounds other than dismissal.

The value of the share options is determined using the Black Scholes option pricing model and Monte Carlo simulation, and recorded as a share option reserve in the consolidated statements of financial position, with movements in the reserve treated as operating expenditure in the respective year.

The options have varying vesting periods from one month up to four years, with exercise of vested shares immediately in advance of a proposed Listing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

Share-based payments (continued)

Long-Term Incentive Plan ("LTIP")

The Group operated a share-based payment LTIP arrangement for certain employees. The scheme awards share options to the employee based on a specific number of shares at grant date and the share price of Saietta Group plc at the vesting date, subject to profitability and employment conditions. These were accounted for as equity-settled arrangements. For these awards, fair value is to be measured at the date of grant and charged to the profit and loss over the vesting period. The vesting period is the period of time before shares in an employee plan are unconditionally owned by an employee. Fair value at the date of grant is determined using the Black-Scholes model or the Monte Carlo Simulation model where appropriate.

Share capital

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the financial position of the Group and the Company, their cash flows and their liquidity position. The Group and Company's financial risk management objectives and exposures to liquidity and other financial risks and uncertainties are set out on pages 15 to 18. The Group had net assets of £29,189,193 (2022: £32,814,791) as at 31 March 2023 and available liquidity of £7,247,267 (2022: £18,402,055) comprised of cash and cash equivalents.

The Group and Company have modelled scenarios for a period up to October 2024 from the March 2023 year end and stress tested its financial position in such scenarios. These stress tests modelled the variability in financial performance and free cash flows when incorporating certain hypothetical events such as a reduction in forecast revenue and a delay in the receipt of payments for equipment from Saietta VNA.

The Group and Company operate in markets that are rapidly growing and has strategic plans that respond to such growth. In delivering those plans, the Group is mindful of the ultimate benefits from maintaining control over the deployment of its intellectual property in applications with major OEMs and within its joint venture arrangements. In order to do so, it recognises that at times it will potentially need to co-invest or defer investment to its partners to enhance the future value it can achieve from application of its products. In such instances the commercial merits will be weighed in determining whether funding is sought.

These forecasts align to the business strategy which was based on the assumption that the Group and Company will significantly increase its revenue and be able to generate significant gross profit in the next 12 months.

Furthermore, the forecasts also include payments from Saietta VNA, the Group's joint venture in India, for equipment for fully automated production of AFT motors. The Group has spent £3m on such equipment and this amount is to be reimbursed by Saietta VNA. In the absence of such reimbursement there may also be a need to raise additional funding.

Whilst the Directors expect that additional funding can be raised this is not guaranteed and when continuing with an accelerated expansion this presents a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Whilst acknowledging the uncertainties described above, the Board have concluded, on the basis of all scenarios and related expected cashflows and available sources of finance, that the Group and Company will be able to continue as a Going Concern for at least twelve months from the date of signing these financial statements and therefore it remains appropriate to prepare the Group and Company's results on the basis of a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. Critical Accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances and any further evidence that arises relevant to judgements taken. In the future, actual experience may differ from these estimates and assumptions. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets:

Short leasehold	Remaining lease term
Plant and machinery	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	Four years

Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. At the end of the initial period, asset lives reach a residual value at which they are either suitable for replacement or extended life after maintenance and overhaul. The key areas of estimation uncertainty regarding depreciation is the determination of the life time capacity; risk of obsolescence from technological and regulatory changes; and required future capital expenditure (refurbishment or replacement of key components).

The carrying amount of property, plant and equipment at 31 March 2023 is £8,113,009 (2022: £3,498,541) and a reasonable adjustment sensitivity if assets were to have a reduced useful life of a year would be a reduction in carrying value of £358,800.

Useful lives and carrying value of intangible assets

The carrying values of these assets are tested for impairment when there is an indication that the value of the assets might not be realisable or impaired either at an individual cash generating unit level or for the company as a whole. An intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognised during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.

Patents are recognised at cost and development costs include both purchases and capitalized employee costs directly attributable to the development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. Critical Accounting estimates and judgements (continued)

Useful lives and carrying value of intangible assets (continued)

The nature of the estimation uncertainty is both to the eventual integration of such an intangible asset into commercial production and the successful cash generation from such production. The underlying assumption is that an impairment occurs if either the achievement of project milestones that meet client's roadmaps to commercialization are not met (and thereby indicate uncertainty over the viability to start of production ("SOP")), or if the commercial potential is reduced to such an extent that recovery of all invested amounts are uncertain.

The carrying amount is sensitive to both write-off of any intangible asset that is impaired and to amortisation either before all criteria to amortise are met, or after such criteria have been met. When carrying out impairment tests these are based upon future cash flow forecasts and these forecasts include management estimates.

Future events or changes in the market could cause the assumptions to change, therefore this could also have an adverse effect on the future results of the group.

Recognition of internally generated intangible assets arising from the development phase of a project is dependent upon application of specific criteria detailed in note 2. Management judgement is required as to the extent that each of the criteria is met and to the point where development is complete.

The carrying amount of intangible assets at 31 March 2023 was £10,916,016 (2022: £8,365,506). If the Group were to require amortisation for an additional year for patents and immediately at the start of the year for development costs this would have an impact of £99,088.

Research and Development ("R&D") credits

Research and Development credits arising in the United Kingdom under Corporation Tax Act 2009 Section 1308 claims are recognised upon success and recognised within Accrued Income. Successful Section 1308 R&D credits are considered to be UK Government grants arising as a direct result of the Company's investment in its R&D assets and for which no further obligation exists upon the Company. The R&D credits are charged to the P&L at the same time that the asset is expensed to P&L, therefore amortised over 8 years as their benefit is derived over the use of the Company's R&D assets.

Expected credit losses and asset impairment

Expected credit losses are assessed under IFRS9 using reasonable information about past events and current conditions and forecasts of future events. Asset impairment considers the likely returns from financial assets owned by the Group and their recoverability, based on market values and management's judgement of any other relevant factors.

Please refer to Note 33 for further detail.

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 26) and the corresponding right-of-use assets (note 16).

To determine the incremental borrowing rate the company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security. The company used incremental borrowing rates specific to each lease which ranged from 4.1% to 7.25%. A 5% increase in the rate would cause the lease liability to reduce by £839,673 with a corresponding movement in the 'cost' of the right-of-use asset which would reduce the associated amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. Critical Accounting estimates and judgements (continued)

Share Options – estimates and assumptions

The valuation of share options issued in the year has been based on a Black Scholes model for options with no market based vesting conditions and a Monte Carlo simulation for options with market based vesting conditions. The inputs to both models represent the Director's best estimates for the likely exercise behaviour of the option holders. The expected future share price volatility was estimated based on the historical volatility of the Company's share price and a representative peer group of similar companies. For the share options with market based vesting conditions an independent specialist consultant was engaged to simulate the impact on the market-based conditions on the fair value of the options issued.

Revenue recognition

The Group's revenue recognition policies, which are set out under Revenue recognition in Note 2, are central to how the Group measures the work it has performed in each financial year. Management is required to form a number of key judgements in the determination of the amount of revenue and profits to record, and related statement of financial position items such as contract assets, accrued income and deferred income to recognise. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised, as well as assessments of when key changes to contracts occurred, in order to appropriately recognise and measure revenue.

The key estimation judgements are in the forecasting of costs to complete deliverables under contracts as these impact the timings and amounts of revenue recognised through the percentage of completion method.

4. Alternative Performance Measures ("APMs")

In reporting financial information, the Group presents alternative performance measures ("APMs") that are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs used within this Annual Report are defined below.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as the Group's earnings before interest, tax, depreciation, amortisation, share of profit/loss from equity accounted investments and exceptional items. These include the share-based payment charges, the gain on bargain purchase, costs related to Saietta Group plc's admission to the AIM and subsequent share issue costs, legal fees related to Saietta Group plc's investment in its equity-accounted associate, professional fees in respect of share options issued pre-Admission, legal fees in respect of company reorganisations, the write-off of related party receivables, provision for loss allowance on financial guarantee, a write-off of inventory, pension scheme set-up costs and losses from discontinued operations.
Gross proceeds raised through placing	Gross proceeds are the amount that a seller receives from the sale of a shares. These proceeds include all costs and expenses.
Working capital	Changes in assets and liabilities as presented in the Consolidated Statement of Cash Flows. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

4. Alternative Performance Measures ("APMs") (continued)

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement. Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Reconciliations between these alternative performance measures and statutory reported measures are shown below.

Adjusted EBITDA	Note	Year ended 31 March 2023	Year ended 31 March 2022*
		£	£
Adjusted EBITDA		(14,050,624)	(4,357,061)
Depreciation and amortization		(1,882,963)	(509,895)
Finance income		75,338	5,523
Finance expense		(278,046)	(104,621)
Share-based payment charges	Note 31	(2,335,944)	(4,406,334)
Gain on bargain purchase recognised as part of subsidiary acquisition		-	704,761
Costs related to Saietta Group plc's admission to the AIM		-	(1,219,296)
Costs related to the acquisition of e-Traction Europe B.V.		-	(358,358)
Costs related to the co-operation with Padmini VNA		(59,925)	(95,510)
IPO-dependent staff expenses		-	(361,157)
M&A support fees		-	(101,569)
One-off legal fees in respect of share option advice pre-IPO		-	(75,000)
One-off legal fees in respect of company reorganisation		-	(44,176)
Net increase in financial liabilities		(3,507)	(78,058)
Contractor fees to secure grants		-	(73,432)
One-off enterprise resource planning consultancy fees		-	(10,925)
Impairment against other receivable	-	(600,000)	-
Provision for inventory obsolescence		(1,292,026)	-
Losses from discontinued operations		(7,868,640)	(46,977)
Loss before taxation		(28,296,337)	(11,132,085)
Taxation		490,188	377,420
Loss for the year		(27,806,149)	(10,754,665)

¹Comparative figures have been restated to exclude income and expenditure related to discontinued operations.

²Share based payment charges stated excluding an amount of £61,676 capitalised to development costs.

Gross proceeds raising through placing

A reconciliation from Gross Proceeds raised through placing to proceeds on issue of shares per Consolidated Cash Flow Statement is detailed below:

Proceeds on issue of shares	£ 23,609,172	£ 35,241,809
Shares issued from loan conversion	£ -	£ 2,258,191
Gross proceeds from settled shares	<u>£ 23,609,172</u>	<u>£ 37,500,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. Segment information

The Group operates through three distinct business divisions:

- (a) Lightweight mobility which focuses on AFT developments particularly low voltage two and three wheelers;
- (b) Heavy-duty commercial which covers the truck, bus and coach markets; and
- (c) Marine division, fronted by Propel, which is the Group's marine division selling inboard and outboard motors both via distributors and direct to customers. This has been discontinued and the Group is seeking an industrialization partner, with a linked sale of intellectual property and distribution rights.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision makers have been identified as the management team including the Chief Executive Officer, Executive Chairman and Chief Financial Officer.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and defined benefit liabilities. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the Group position.

Non-current assets by geography

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
UK	19,002,591	13,162,815
European Union	6,513,601	2,352,632
Rest of World	-	-
Total	<u>25,516,192</u>	<u>15,515,447</u>

Contract assets and contract liabilities arise from the Group's Lightweight and Heavy-duty divisions, which enter into contracts that can take between 1 - 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Segment information (continued)

Year ended 31 March 2023

	Lightweight	Heavy-duty	Other segments	Continuing operations	Discontinued operations	Total
	£	£	£	£	£	£
<i>Revenue</i>						
Revenue from Engineering design servi	1,039,880	61,717	-	1,101,597	275,789	1,377,386
Revenue from Motor sales	238,981	205,655	-	444,636	27,319	471,955
Other revenue	1,386,106	555,667	-	1,941,773	-	1,941,773
Inter-segmental revenue	(846,431)	(538,619)	-	(1,385,050)	-	(1,385,050)
Groups' revenue per consolidated statement of comprehensive	1,818,536	284,421	-	2,102,957	303,108	2,406,065
Depreciation	1,528,166	233,799	-	1,761,965	78,386	1,840,351
Segment loss	(17,080,623)	(3,589,696)	-	(20,670,319)	(7,868,640)	(28,538,959)
Share based payments						(2,335,944)
Other income						2,777,767
Finance income						75,338
Finance expense						(278,046)
Net increase in financial liabilities						3,507
Group loss before tax and discontinued operations						(28,296,337)

Revenue has been presented by category. This is a change from the prior year presentation of revenue by customer. This change was made to allow comparison between current and prior year and to better present the segmental and inter-segmental revenue.

Year ended 31 March 2022

	Lightweight	Heavy-duty ¹	Other segments	Continuing operations ¹	Discontinued operations ¹	Total ²
	£	£	£	£	£	£
<i>Revenue</i>						
Revenue from Apollo Future Mobility Group Limited	635,984	-	-	635,984	-	635,984
Revenue from Consolidated Metco, Inc.	400,000	-	-	400,000	-	400,000
Revenue from Sloepmakerij B.V.	-	-	-	-	1,261,008	1,261,008
Revenue from other customers	555,266	-	-	555,266	952,018	1,507,284
Inter-segmental revenue	(186,407)	-	-	(186,407)	(22,066)	(208,473)
revenue	1,404,843	-	-	1,404,843	1,261,008	3,595,803
Depreciation	300,017	65,844	-	365,861	71,650	437,511
Costs associated with Listing	1,006,323	-	-	1,006,323	-	1,006,323
	1,306,340	65,844	-	1,372,184	71,650	1,443,834
Segment loss	(6,243,109)	(1,688,815)	(446,371)	(7,931,924)	(46,977)	(7,978,901)
Share based payments						(4,406,334)
Gain on bargain purchase						704,761
Other income						725,545
Finance income						5,523
Finance expense						(104,621)
Net increase in financial liabilities						(78,058)
Group loss before tax and discontinued operations						(11,132,085)

¹Change in presentation to show prior year comparative figures for continued and discontinued operations.

²Total segment losses and Group loss before tax and discontinued operations restated for discontinued operations. Refer to note 38 for a reconciliation of losses from discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. Segment information (continued)

Year ended 31 March 2023

	Lightweight	Heavy-duty	Continuing	Discontinued	Total
	£	£	operations	operations	£
			£	£	
Additions to non-current assets	12,888,263	632,095	13,520,358	838,529	14,358,887
Inventories	498,407	-	498,407	-	498,407
Reportable segment assets	35,675,582	3,779,621	39,455,203	227,474	39,682,677
Total group assets					39,682,677
Reportable segment liabilities	8,726,735	847,921	9,574,656	918,828	10,493,484
Total group liabilities					10,493,484

Year ended 31 March 2022

	Lightweight	Heavy-duty	Continuing	Discontinued	Total
	£	£	operations	operations	£
			£	£	
Additions to non-current assets	6,980,426	1,504,820	8,485,246	2,747,335	11,232,581
Inventories	405,048	1,417,015	1,822,063	647,980	2,470,043
Reportable segment assets	35,704,947	3,885,118	39,590,065	5,047,375	44,637,440
Total group assets					44,637,440
Reportable segment liabilities	7,303,308	1,005,269	8,308,577	1,529,680	9,838,257
Liabilities for financial guarantees					41,833
Total group liabilities					9,880,090

Segmental information has been presented as continuing and discontinued operations in the current year, and the prior year presentation has been modified accordingly for comparability. Refer to note 38 for a reconciliation of discontinued assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

6. Revenue analysis

A significant portion of revenue in the year was from two customers:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current year		
Customer 1	855,605	-
Customer 2	393,096	-
Prior year		
Customer 1	-	635,984
Customer 2	-	400,000
	<u>1,248,701</u>	<u>1,035,984</u>

Revenue by category, type and and geography is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Revenue by category		
Light-duty division	1,818,539	1,404,843
Heavy-duty division	284,421	-
Total	<u>2,102,959</u>	<u>1,404,843</u>
Revenue by type		
Revenue recognised over time	1,101,599	814,095
Revenue recognised at a point in time	1,001,360	590,748
	<u>2,102,959</u>	<u>1,404,843</u>
Revenue by geography		
UK	372,634	1,191,607
European Union	229,771	-
Rest of World	1,500,554	213,236
Total	<u>2,102,959</u>	<u>1,404,843</u>

7. Other income

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Grant income	1,652,982	678,411
Income from engineering design services	1,021,538	-
	<u>2,674,520</u>	<u>678,411</u>

The Group received development government grants from the Advanced Propulsion Centre against qualifying expenditure of £1,008,515 (2022: £661,122) in the years ended 31 March 2023 and 31 March 2022 respectively, which has been recorded as grant income. There are no unfulfilled conditions or other contingent liabilities attached to the grant, however, as is customary the final instalment claim amount of £378,362 (2022: £330,326) remains due, subject to submitted assessment. This has been treated as a contingent gain at the year end. The remaining £nil (2022: £64,423) balance included within 'Other income' relates to individually immaterial grants received by subsidiaries during the year.

Other income from engineering design services relates to the renegotiation of the ConMet contract which resulted in the recovery of costs incurred on products which were developed in connection with the JCDA IP but were not part of the original JCDA plan. The cost related to this are shown in other costs of sales on the face of the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

8. Operating loss

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Operating loss has been stated after:		
Cost of inventories recognised as expense	4,018,866	1,971,725
Depreciation of right-of-use assets	989,021	270,477
Depreciation of property, plant and equipment	578,010	174,451
Amortisation of intangible assets	286,222	72,384
Loss on disposal of property, plant and equipment	34,369	3,204
Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Group's accounts	375,000	78,750
Fees payable to the Group's auditor for the audit of the subsidiaries' accounts	83,644	77,766
Fees payable to the Group's auditor for other services:		
- Other fees	50,000	105,410
Share-based payment expense	2,335,944	4,406,334
Foreign exchange differences	(435,738)	(52,957)

Cost of inventories recognised as an expense includes a write-down of £1,412,053 to net realisable value.
Share-based payment expense is reduced by £61,676 of capitalised development costs.

9. Significant administrative expenses

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Wages and salaries excluding share-based employee expense	8,894,749	4,548,583
Share-based employee expense	2,335,944	4,406,334
Costs related to Saietta Group plc's admission to the AIM	-	1,219,296
Costs related to the acquisition of e-Traction Europe B.V.	-	358,358
Professional fees	3,447,771	1,114,860
Provision for inventory obsolescence	1,012,413	-
Depreciation and amortisation	1,882,963	509,895
Facilities costs	1,799,950	703,068
Other individually immaterial expenses	2,411,169	231,558
Total	<u>21,784,959</u>	<u>13,091,952</u>

The comparative figures in this note have changed due to the exclusion of amounts pertaining to discontinued operations, and have been presented in more detail to allow for better comparison with current year figures.

10. Employee benefit expenses

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Wages and salaries	7,187,857	3,768,729
Social security costs	1,076,867	797,796
Employer's pension contributions	630,024	234,115
Share-based employee expense	2,335,944	4,406,334
Total	<u>11,230,693</u>	<u>9,206,974</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

10. Employee benefit expenses (continued)

The average number of employees during the year was as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	No.	No.
Technical	141	70
Procurement	8	4
Sales and marketing	10	12
Finance and administration	30	14
Total	<u>189</u>	<u>100</u>

The remuneration of department heads who are the key management personnel is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Short term employee benefits	867,853	1,297,568
Share based payments	<u>1,610,488</u>	<u>2,768,709</u>
	<u>2,478,341</u>	<u>4,066,277</u>

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Directors		
- Remuneration	867,853	623,277
- Gains on exercise of share options	-	2,366,492
	<u>867,853</u>	<u>2,989,769</u>

Highest paid director

The highest paid director's emoluments were as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Directors' emoluments	334,469	290,022
Gains on exercise of share options	-	1,933,667
Pension contributions	-	7,762
	<u>334,469</u>	<u>2,231,451</u>

11. Finance income and expense

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Finance income		
Deposit account interest	<u>75,338</u>	<u>5,523</u>
Finance expense		
Interest on lease liabilities	274,891	18,609
Other interest	<u>3,155</u>	<u>80,995</u>
	<u>278,046</u>	<u>99,604</u>

The comparative figures in this note have changed due to the exclusion of amounts pertaining to discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

12. Taxation

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
UK tax (credit) for the current year	<u>(490,188)</u>	<u>(377,420)</u>

A reconciliation of the tax credit to the elements of loss before tax for the consolidated income statement is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
(Loss) before income tax	(20,427,697)	(11,132,085)
Tax at UK rate of 19% (2022: 19%)	3,881,262	2,115,096
<i>Reconciling tax charges for:</i>		
Non-deductible expenses	(51,462)	98,898
Capital allowances	55,889	400,000
R&D tax credit	490,188	71,710
Gain on bargain purchase	-	133,905
Share based payments disallowed	(443,829)	(837,203)
Deferred tax asset not recognised	(3,441,860)	(1,604,985)
Tax credit for the year	<u>490,188</u>	<u>377,420</u>
Effective tax rate for the year	2.4%	3.4%

The prior year loss before tax includes a loss on discontinued operations of £254,299.

The breakdown in deferred tax balances prior to the offsetting of balances within the same jurisdiction (as permitted by IAS 12) during the period are shown below:

	Asset 2023	Liability 2023	Net 2023
	£	£	£
Accelerated capital allowances	-	(887,905)	(887,905)
Leases	-	(116,426)	(116,426)
Tax losses	1,004,331	-	1,004,331
Net tax assets / liabilities	<u>1,004,331</u>	<u>(1,004,331)</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

12. Taxation (continued)

	Asset 2022 £	Liability 2022 £	Net 2022 £
Accelerated capital allowances	-	(714,498)	(714,498)
Leases	-	(60,185)	(60,185)
Tax losses	774,683	-	774,683
Net tax assets / liabilities	<u>774,683</u>	<u>(774,683)</u>	<u>-</u>

The Group has recognised the deferred tax assets to the extent that it can be offset against the deferred tax liability. The deferred tax asset over and above this utilisation has not been recognised as the business is developing its products. When there is clear visibility of the profits, the Group will recognize the net deferred tax assets. Losses carried forward were £51,607,660 from continuing operations and £9,175,867 from discontinued operations in the year ended 31 March 2023 (2022: £37,314,108 continuing operations, £3,845,436 discontinued operations).

13. Loss per share from continuing and discontinued operations

The calculation of the basic loss per share is based upon the net loss after tax attributable to ordinary shareholders and weighted average number of shares in issue for the year.

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
<u>Loss per share</u>		
<i>Basic</i>		
- Continuing operations	(0.21)	(0.14)
- Discontinued operations	(0.08)	(0.00)

The calculation of the basic loss per share is based on the following data:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
<u>Loss for the year</u>		
<i>Attributable to equity shareholders</i>		
- Continuing operations	(19,937,509)	(10,707,688)
- Discontinued operations	(7,868,640)	(46,977)
Number of shares		
- Weighted average number of Ordinary Shares outstanding	<u>95,701,751</u>	<u>74,884,548</u>

The loss attributable to ordinary shareholders and weighted average number of Ordinary Shares for the purpose of calculating the diluted earnings per Ordinary Share are identical to those used for basic earnings per share. This is because the exercise of share options would have the effect of reducing the loss per Ordinary Share and is therefore not dilutive.

At 31 March 2023, there were 5,926,243 options outstanding (2022: 6,233,273) as detailed in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

14. Intangible assets

	Patents and licences £	Development costs £	Software £	Total £
Cost				
At 1 April 2022	456,349	7,793,871	266,497	8,516,717
Additions	534,529	3,278,315	466,735	4,279,579
Assets of disposal groups held for sale	-	(1,636,566)	(27,229)	(1,663,795)
Impairment losses	-	(107,166)	-	(107,166)
Currency translation differences	-	134,427	1,481	135,908
At 31 March 2023	990,878	9,462,881	707,484	11,161,243
Accumulated amortisation				
At 1 April 2022	51,720	11,900	87,591	151,211
Amortisation for the year	68,874	174,094	43,254	286,222
Assets of disposal groups held for sale	-	(189,488)	(6,434)	(195,922)
Currency translation differences	-	3,494	222	3,716
At 31 March 2023	120,594	-	124,633	245,227
Net book value				
Net book value at 31 March 2023	870,284	9,462,881	582,851	10,916,016
Net book value				
Net book value at 31 March 2022	404,629	7,781,971	178,906	8,365,506

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Intangible assets includes the following individually material asset:		
The AFT motor	5,423,926	3,592,712
This is not currently being amortised.		

The above table includes non-cash movements related to accruals and prepayments.

	Patents and licences £	Development costs £	Software £	Total £
Cost				
At 1 April 2021	79,168	3,253,554	110,231	3,442,953
Additions	377,181	3,755,989	128,842	4,262,012
Additions acquired through business combination	-	815,231	27,080	842,311
Currency translation differences	-	(30,903)	344	(30,559)
At 31 March 2022	456,349	7,793,871	266,497	8,516,717
Accumulated amortisation				
At 1 April 2021	24,168	-	54,629	78,797
Amortisation for the year	27,552	11,931	32,901	72,384
Currency translation differences	-	(31)	61	30
At 31 March 2022	51,720	11,900	87,591	151,211
Net book value				
Net book value at 31 March 2022	404,629	7,781,971	178,906	8,365,506

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For the year ended 31 March 2023

15. Property, plant and equipment

	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 2022	539,699	681,901	712,474	439,880	1,938,441	4,312,395
Additions	1,196,841	1,294,367	1,230,264	69,158	1,744,478	5,535,108
Assets of disposal groups held for sale	(121,530)	-	(42,817)	(74,531)	-	(238,878)
Disposals	-	(34,369)	-	-	-	(34,369)
Impairment losses	-	(137,668)	-	-	-	(137,668)
Currency translation differences	-	13,855	-	9,597	-	23,452
At 31 March 2023	1,615,010	1,818,086	1,899,921	444,104	3,682,919	9,460,040
Accumulated depreciation						
At 1 April 2022	299,326	129,167	265,352	120,009	-	813,854
Depreciation for the year	131,112	198,226	205,870	42,802	-	578,010
Assets of disposal groups held for sale	(19,899)	-	(5,789)	(19,354)	-	(45,042)
Depreciation eliminated on disposal	-	-	-	-	-	-
Currency translation differences	-	(250)	-	459	-	209
At 31 March 2023	410,539	327,143	465,433	143,916	-	1,347,031
Net book value						
Net book value at 31 March 2023	1,204,471	1,490,943	1,434,488	300,188	3,682,919	8,113,009

The above table includes non-cash movements related to accruals and prepayments.

	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 2021	290,932	113,156	323,838	110,044	-	837,970
Additions	248,892	315,158	388,695	74,424	1,938,441	2,965,610
Additions acquired through business combination	-	250,064	-	255,691	-	505,755
Disposals	-	-	-	(2,400)	-	(2,400)
Currency translation differences	(125)	3,523	(59)	2,121	-	5,460
At 31 March 2022	539,699	681,901	712,474	439,880	1,938,441	4,312,395
Accumulated depreciation						
At 1 April 2021	290,932	70,078	177,574	100,907	-	639,491
Depreciation for the year	8,394	58,711	87,781	19,565	-	174,451
Depreciation eliminated on disposal	-	-	-	(500)	-	(500)
Currency translation differences	-	378	(3)	37	-	412
At 31 March 2022	299,326	129,167	265,352	120,009	-	813,854
Net book value						
Net book value at 31 March 2022	240,373	552,734	447,122	319,871	1,938,441	3,498,541

In May 2023 it was agreed to transfer two production lines from Saietta's Sunderland plant to the joint venture partner, Saietta VNA. The lines to be transferred are an RFT line valued at £0.2m presented above in plant and machinery and an automated AFT production line valued at £3.3m, of which £2.6m had been completed at 31 March 2023 which is presented above in assets under construction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

16. Right-of-use assets

	Buildings £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2022	2,873,911	27,021	308,941	3,209,873
Additions	4,315,920	182,230	46,050	4,544,200
Assets of disposal groups held for sale	(303,160)	-	-	(303,160)
Disposals	(806,637)	(27,021)	-	(833,658)
Currency translation differences	9,570	-	-	9,570
At 31 March 2023	<u>6,089,604</u>	<u>182,230</u>	<u>354,991</u>	<u>6,626,825</u>
Accumulated amortisation				
At 1 April 2022	342,603	20,872	31,349	394,824
Depreciation for the year	917,968	10,333	60,720	989,021
Assets of disposal groups held for sale	(126,619)	-	-	(126,619)
Disposals	(326,970)	(21,215)	-	(348,185)
Currency translation differences	2,113	-	-	2,113
At 31 March 2023	<u>809,095</u>	<u>9,990</u>	<u>92,069</u>	<u>911,154</u>
Net book value				
Net book value at 31 March 2023	<u>5,280,509</u>	<u>172,240</u>	<u>262,922</u>	<u>5,715,671</u>
Net book value				
Net book value at 31 March 2022	<u>2,531,308</u>	<u>6,149</u>	<u>277,592</u>	<u>2,815,049</u>

The above table includes non-cash movements related to accruals and prepayments.

	Buildings £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021	530,867	27,021	-	557,888
Additions	2,125,113	-	169,120	2,294,233
Additions acquired through business combination	221,223	-	141,437	362,660
Currency translation differences	(3,292)	-	(1,616)	(4,908)
At 31 March 2022	<u>2,873,911</u>	<u>27,021</u>	<u>308,941</u>	<u>3,209,873</u>
Accumulated amortisation				
At 1 April 2021	105,185	18,820	-	124,005
Depreciation for the year	237,244	2,052	31,181	270,477
Currency translation differences	174	-	168	342
At 31 March 2022	<u>342,603</u>	<u>20,872</u>	<u>31,349</u>	<u>394,824</u>
Net book value				
Net book value at 31 March 2022	<u>2,531,308</u>	<u>6,149</u>	<u>277,592</u>	<u>2,815,049</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

17. Investment in associate

	Year ended 31 March 2023
<i>Saietta VNA (Private) Limited</i>	£
Opening balance	-
Initial investment	267,784
Share of results of associate	(243,406)
Foreign exchange loss	(23,094)
	<u>1,285</u>

During the year the Group obtained a 49% investment in Saietta VNA (Private) Limited. The associate's registered office is 5 Padmini Enclave, Hauz Khas Delhi, New Delhi 110016.

18. Other gains and losses

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Loss on fair value through profit and loss items	3,507	78,058
Impairment against other receivable	601,870	-
	<u>605,377</u>	<u>78,058</u>

Saietta Group Plc entered into an agreement to guarantee the loan for the purchase of an aircraft, in return receiving preferential rates for the use thereof. The aircraft was sold in April 2023 and the deposit of £600,000 paid was not recoverable.

19. Inventories

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Raw materials	482,407	2,438,533
Finished goods	16,000	31,510
	<u>498,407</u>	<u>2,470,043</u>

Finished goods include an amount of £16,000 (2022: £31,510) carried at fair value less costs to sell.

20. Cash and cash equivalents

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cash in hand and at bank	<u>7,247,267</u>	<u>18,402,055</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

21. Trade and other receivables

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Non-current assets:		
Other receivables	141,195	734,526
Current:		
Trade receivables	1,085,229	2,422,019
Other receivables	485,859	1,742,568
R&D tax credit	775,481	574,368
VAT recoverable	637,464	331,184
	<u>2,984,033</u>	<u>5,070,139</u>
	<u>3,125,228</u>	<u>5,804,665</u>

22. Prepayments and accrued income

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Non-current assets:		
Prepayments and accrued income	129,016	101,825
	<u>129,016</u>	<u>101,825</u>
Current:		
Prepayments and accrued income	3,209,304	1,237,197
	<u>3,209,304</u>	<u>1,237,197</u>
	<u>3,338,320</u>	<u>1,339,022</u>

None of the Group's cash equivalents or other financial assets, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2023 (2022: no indications) that defaults in payment obligations will occur. However, as required under IFRS 9, the Company has assessed other financial assets for expected credit losses.

See note 33 for further detail.

23. Other financial assets

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
<i>Saietta VNA Private Limited</i>		
Loan receivable	500,000	-
	<u>500,000</u>	<u>-</u>

The loan to associate Saietta VNA (Private) Limited is for up to £1,000,000 and can be repaid at any time with one month's notice. The term is until April 2028 and the interest rate is 7.5% starting to accrue in April 2024. A further £500,000 is drawn down in August 2023. The Group does not expect this loan to be repaid within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

24. Current trade and other payables

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Trade payables	1,189,425	1,672,548
Accruals and deferred income	861,431	1,157,142
Social security and other taxes	176,408	1,684,705
Pension due	41,627	15,807
Other payables	766,563	2,289,319
	<u>3,035,454</u>	<u>6,819,521</u>

Included within 'Other payables' is an amount of £nil (2022: £1,706,498) in respect of deferred consideration for the acquisition of Saietta Europe B.V. (formerly e-Traction Europe B.V.).

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Lease liabilities		
Lease liabilities	<u>1,123,085</u>	<u>470,069</u>
	<u>1,123,085</u>	<u>470,069</u>

25. Contract liabilities

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Contract liabilities	<u>326,286</u>	<u>-</u>
	<u>326,286</u>	<u>-</u>

Contract assets and contract liabilities arise from the Group's Lightweight and Heavy-duty divisions, which enter into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

26. Non-current financial liabilities

		Year ended 31 March 2023	Year ended 31 March 2022
		£	£
Lease liabilities		5,058,290	2,380,537
Provisions	Note 29	31,541	168,130
Liabilities for financial guarantees	Note 28	-	41,833
		<u>5,089,831</u>	<u>2,590,500</u>

Maturity analysis of lease liabilities:

Due within one year	1,123,085	470,069
Due in more than one but not more than two years	819,774	656,840
Due in more than two but not more than five years	2,167,759	968,423
Due after five years	2,070,756	755,274
	<u>6,181,375</u>	<u>2,850,606</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

27. Leases

In the capacity as lessee

The Group's leases are for offices and manufacturing space as well as the purchase of capital equipment used in the day to day operating activities of the business. For all property leases, the period rent is fixed over the lease term.

The company also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

All current lease payments are fixed in nature and not subject to any clauses which allow these payments to vary under certain conditions.

The total cash outflow for leases during the year was comprised of the following:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Interest expense	274,891	18,609
Principal payments	<u>659,993</u>	<u>263,263</u>
	<u><u>934,884</u></u>	<u><u>281,872</u></u>

The company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the company will consider whether the absence of a break clause would expose the company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the company.

The aggregate undiscounted commitments for short-term leases and low-value leases not recognised in the balance sheet at year end is £nil (2022: £nil).

28. Liabilities for financial guarantees

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Balance at beginning of financial year	41,833	-
Additions to financial liabilities during the year	3,507	78,058
Amortisation recognised	<u>(45,340)</u>	<u>(36,225)</u>
Balance at end of financial year	<u><u>-</u></u>	<u><u>41,833</u></u>

On 1 December 2021, the Group entered into an agreement to guarantee the obligations of its transport provider, Livingstone Aviation Limited in exchange for preferential access to their services.

Under IFRS9, the financial guarantee contracts was treated as a financial liability and was initially recognised at fair value. Subsequently, the financial guarantee contract was measured at the higher of the IFRS 9 expected credit loss (ECL) allowance and the amount initially recognised less any cumulative amount of income/amortisation recognised.

Subsequent to year end Livingstone Aviation Limited disposed of its aircraft and at that moment the Group was released fully from the financial guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

29. Provisions

	Warranty provisions £	Onerous contracts provisions £	Provision for dilapidations £	Total £
Provisions at 1 April 2022	38,166	129,964	-	168,130
Amounts provided in the year	-	-	30,000	30,000
Amounts utilised in the year	(36,625)	(129,964)	-	(166,589)
Provisions at 31 March 2023	1,541	-	30,000	31,541

	Warranty provisions £	Onerous contracts provisions £	Provision for dilapidations £	Total £
Provisions at 1 April 2021	-	-	-	-
Amounts provided in the year	42,407	121,406	-	163,813
Amounts acquired through acquisition of subsidiary	-	405,294	-	405,294
Amounts utilised in the year	(4,241)	(396,736)	-	(400,977)
Provisions at 31 March 2022	38,166	129,964	-	168,130

Warranty provisions

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to eight years after purchase, dependent on the market in which the purchase occurred and the vehicle/product purchased. The group offers warranties of up to eight years on batteries in electric vehicles. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to eight years.

Onerous contracts provisions

Onerous contract provisions comprise an estimate of unavoidable costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

Estimates and assumptions

The group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases and warranty claims. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

30. Share capital and share premium

Share capital and share premium

Allotted, issued and fully paid:			Year ended 31	Year ended 31
Number:	Type:	Nominal value:	March 2023	March 2022
			£	£
102,917,675	Ordinary Shares	£0.0011	113,209	-
85,051,953	Ordinary Shares	£0.0011	-	93,557
			Share capital	Share premium
			£	£
			Number of shares	Total
				£
Balance at 1 April 2021			519,205,742	51,921
Consolidation of shares		(472,005,220)	-	-
Issue of shares		29,320,940	32,245	35,145,382
AIM listing costs offset against share premium		-	-	(2,868,972)
Shares issued on exercise of employee share options		5,530,491	6,091	58,165
Shares issued on conversion of convertible loan notes		3,000,000	3,300	2,336,700
Balance at 31 March 2022			85,051,953	93,557
Consolidation of shares		-	-	-
Issue of shares		17,101,450	18,812	23,581,189
Share issue costs offset		-	-	(1,590,469)
Shares issued on exercise of employee share options		764,272	840	8,331
Balance at 31 March 2023			102,917,675	113,209
			56,670,326	56,783,535

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For the year ended 31 March 2023

30. Share capital and share premium (continued)

On 18 June 2021, the Group passed a resolution to consolidate its Ordinary share capital. Prior to the consolidation, there were 519,205,742 Ordinary shares with a nominal value of £0.0001 per share. In exchange for these share, existing shareholders were issued 47,200,522 Ordinary shares with a nominal value of £0.0011.

On 7 July 2021, the Group raised gross proceeds of £35,177,628 through the placing of 29,314,690 new Ordinary shares (the "Placing Shares") with new and existing investors at a price of £1.20 per Placing Share. An amount equal to the nominal value of the Placing Shares was credited to share capital, with the proceeds raised in excess of this nominal value being credited to share premium. The Placing Shares rank *pari passu* with the Company's existing ordinary shares.

On 7 July 2021, upon admission to the AIM market, 9,919,457 share options automatically vested pursuant to the terms of their issue. Of these shares, a total of 5,530,491 shares ("New Ordinary Shares") were exercised immediately by the option holders. Of these, 4,437,821 options were exercised by the option holders at a strike price of £0.012 resulting in the issue of 4,437,821 new Ordinary shares with a nominal value of £0.011p. As a result, £4,882 was credited to share capital and the amount received in excess of the nominal value, £48,372, was credited to share premium.

The remaining 1,092,670 options were exercised by the option holders at a strike price of £0.01 resulting in the issue of 1,092,670 new Ordinary shares with a nominal value of £0.011p. As a result, £1,202 was credited to share capital and the amount received in excess of the nominal value, £9,725, was credited to share premium.

The New Ordinary Shares rank *pari passu* with the Company's existing ordinary shares.

On 30 March 2022, 6,250 share options vested pursuant to the terms of their issue. These options were exercised by the option holders at a strike price of £0.012 resulting in the issue of 6,250 new Ordinary shares with a nominal value of £0.011p. As a result, £7 was credited to share capital and the amount received in excess of the nominal value, £68, was credited to share premium.

On 3 August 2022, the Group raised net proceeds of £22,316,001, after broker fees and other expenses of £1,284,000, through the placing of 17,101,450 new Ordinary Shares of £0.0011 each in the capital of the Company (the "Placing Shares") with new and existing investors at a price of £1.38 per share. An amount equal to the nominal value of the Placing Shares was credited to share capital, with the proceeds raised in excess of this nominal value being credited to share premium.

The Placing Shares rank *pari passu* with the Company's existing Ordinary shares.

During the period, 764,272 share options which had vested pursuant to the terms of their issue were exercised by option holders at a strike price of £0.012 resulting in the issue of 764,272 new Ordinary shares ("New Ordinary Shares") with a nominal value of £0.011p. As a result, £840 was credited to share capital and the amount received in excess of the nominal value, £8,331, was credited to share premium.

The New Ordinary Shares rank *pari passu* with the Company's existing ordinary shares.

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For the year ended 31 March 2023

31. Share-based payments

Common share options

Options have been granted to shareholders, directors and employees to purchase common shares. These options generally vest over a period of up to four years from grant date and are exercisable in the event of a listing.

Details of the common option plans are as follows:

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number #	Weighted average exercise price £	Number #	Weighted average exercise price £
Outstanding at beginning of year	6,233,273	0.012	10,826,072	0.010
Granted	3,000,000	0.012	8,577,394	0.010
Lapsed	(30,000)	0.012	(616,370)	0.010
Vested	<u>(3,277,030)</u>	0.012	<u>(12,553,823)</u>	0.010
Outstanding at end of year	<u>5,926,243</u>	0.012	<u>6,233,273</u>	0.012

The fair value of each option granted was estimated on the grant date using the Black-Scholes, and where appropriate the Monte Carlo simulation option-pricing model with the following average assumptions:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Exercise price at grant date	£0.01	£0.01
Expected life (in years)	2	3
Risk-free interest rate	3.71%	0.58%
Expected volatility	85.00%	87.05%
Weighted average share price	152.99 pence	92.56 pence

The expected volatility is based on the historic volatility (based on the share price) of a comparator company with publicly available share prices.

The risk-free interest rate is based on the average return on 2 year UK Gilts.

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Cost of options vesting in the year	<u>2,397,620</u>	<u>4,899,171</u>

In the year ended 31 March 2023 an amount of £61,676 (2022: £161,951), representing the charge for options related to employees whose costs are allocated to research and development and capitalised as internally generated development costs was included in additions to intangible assets, whilst the remainder of the cost of options vesting was charged to the profit and loss account. A further amount of £1,590,469 (2022: £330,886) was debited in respect of share issue costs offset against share premium.

The total cost of options vesting in the period has been classified as a movement in the share option reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. Share-based payments (continued)

	Share option reserve £
Balance at 31 March 2021	7,318,820
Share based payments	4,899,171
Balance at 31 March 2022	<u>12,217,991</u>
Share based payments	2,397,620
Balance at 31 March 2023	<u><u>14,615,611</u></u>

32. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share options reserve	Used to record the assessed fair value of equity-settled options issued as share based payment for services received by the consolidated entity.
Translation reserve	The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

33. Financial instruments

Risk Management objectives

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The Group is exposed to the following financial risks:

- a. Credit risk
- b. Liquidity risk
- c. Interest rate risk

(i) Principal financial instruments

The Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- a. Trade and other receivables
- b. Cash and cash equivalents
- c. Trade and other payables
- d. Fixed rate hire purchase agreement (classified within lease liabilities)
- e. Investments in unquoted equity securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

33. Financial instruments (continued)

(ii) Financial instruments by category

Financial assets	Amortised cost	
	2023	2022
	£	£
Cash and cash equivalents	7,247,267	18,402,055
Trade and other receivables	1,712,283	4,899,113
Other financial assets	500,000	-
Total financial assets	9,459,550	23,301,168

Financial liabilities	Amortised cost		Fair value through profit and loss	
	2023	2022	2023	2022
	£	£	£	£
Trade and other payables	1,997,615	3,977,674	-	-
Accrued liabilities ¹	861,431	1,157,142	-	-
Lease liabilities	6,181,375	2,850,606	-	-
Liabilities for financial guarantees	-	-	-	41,833
Total financial liabilities	9,040,421	7,985,422	-	41,833

¹In the prior year accrued liabilities were not included in the financial liabilities and were not included in the table above. The comparatives have been restated to include these amounts.

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables and trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

The details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of financial guarantees, which are classified in level 3 of the fair value hierarchy, are outlined in this note.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

Financial liabilities	Level 1		Level 2		Level 3	
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Liabilities for financial guarantees	-	-	-	-	-	41,833

There were no transfers between levels during the year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

33. Financial instruments (continued)

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Equity investments	Recognised at cost and adjusted thereafter for the post- acquisition change in the investor's share of the investee's net assets.	Not applicable.	Not applicable.
Liabilities for financial guarantees	Discounted cashflow model using the difference between market rates of interest and the rate per the loan note instrument adjusted for probability of default.	Not applicable.	Not applicable.

There were no changes to the valuation techniques during the year.

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Liabilities for financial guarantees
	£
At 1 April 2021	-
Purchases, disposals and reclassifications	41,833
At 31 March 2022	41,833
At 1 April 2022	41,833
Purchases, disposals and reclassifications	(41,833)
At 31 March 2023	-

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

33. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The ability to do this relies on the Group expanding its customer base, collecting its trade receivable, completing financings in a timely manner and by maintaining sufficient cash and cash equivalents on hand.

The Group monitors its payables on a periodic basis and uses the credit terms to manage the timing of payments to suppliers.

The following tables show the contractual maturities of financial liabilities:

As at 31 March 2023	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£	£
Trade and other payables	1,997,615	1,997,615	-	-
Accrued liabilities	861,431	861,431	-	-
Lease liabilities	7,085,667	1,360,789	3,527,744	2,197,134
	<u>9,944,713</u>	<u>4,219,835</u>	<u>3,527,744</u>	<u>2,197,134</u>

As at 31 March 2022	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£	£
Trade and other payables	3,977,674	3,977,674	-	-
Accrued liabilities	1,157,142	1,157,142	-	-
Lease liabilities (restated) ¹	2,742,432	344,202	1,360,636	1,037,594
Liabilities for financial guarantees	41,833	-	41,833	-
	<u>7,919,081</u>	<u>5,479,018</u>	<u>1,402,469</u>	<u>1,037,594</u>

¹The Liquidity risk table has been restated to include the undiscounted contractual cashflows for the lease liabilities for 2022 which were omitted in the prior year

Liquidity risk arises from the company's management of working capital and the continued availability of its other funding facilities. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations but is always in close contact with key shareholders who would assist the company if required.

Market risk

The Group's products are focused on meeting certain current or expected requirements of individual markets and these requirements could evolve before the Group is able to complete its licensing agreements.

The Group periodically reviews the markets, and demands expected of products to minimize the risk to its business. It also reviews new markets to identify future demand outside of the initial intended markets. As the Group releases products, it will continue to carry out an assessment of the market risk it is exposed to and will carry out sensitivity analysis on the impact that each risk will have on the product(s)' performance and the wider impact on the Group's income statement and its financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

33. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument or customer contract fails to meet its obligations. The Group is mainly exposed to credit risk from credit sales. At 31 March 2023 the Group has net trade receivables of £1,085,229 (2022: £2,422,019 (last year disclosed as £2,622,019)).

The company is exposed to credit risk in respect of credit sales such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history. In a limited number of customer contracts, an initial payment is secured which helps to mitigate the overall credit risk of a project.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The following provision matrix is used to determine the initial expected credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

None past due	2.3% of carrying value (2022: 1%)
30 days past due	17% of carrying value (2022: 8.6%)
30-60 days past due	100% of carrying value (2022: 9.6%)
60-90 days past due	100% of carrying value (2022: 100%)
>90 days past due	100% of carrying value (2022: 100%)

The resultant loss allowance is £34,259 (2022: £28,132).

Although the Group has its own terms and conditions with a 30 day payment expectation, under some contracts it accepts longer terms with suitable customers. Should a trade debtor exceed the payment terms, then the Group engages to ensure swift payment.

The maximum exposure to loss arising from trade accounts receivable is equal to their total carrying value as the loss allowance not recognised is considered to be immaterial to the financial statements.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The maximum exposure to credit risk is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cash on deposit	7,247,267	18,402,055
Trade receivables	1,085,229	2,422,019
Other receivables	627,054	2,477,094
Loan to associate	500,000	-
	<u>9,459,550</u>	<u>23,301,168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. Financial instruments (continued)

Credit risk (continued)

The ageing of trade receivables at the year-end date was:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current	1,026,941	2,219,626
More than 30 days past due	60,011	145,652
More than 60 days past due	7,121	28,700
More than 120 days past due	25,415	28,041
	<u>1,119,488</u>	<u>2,422,019</u>

Capital risk management

Whilst the Group has no bank debt, its capital structure comprises cash from the issuance of equity both at the time of its initial public offering and subsequently and finance lease obligations arising from its right of use assets. This constitutes the capital under management. The Group has a low gearing ratio of 15% debt to equity.

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

All working capital requirements are financed from existing cash.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Interest rate risk

The Group's activities expose it to the financial risks of interest rates. The Group reviews its risk management strategy on a regular basis and if appropriate it will enter into derivative financial instruments in order to manage interest rate risk. At present, the Group does not have any financial leases or borrowings that have a floating interest rate, however should it take on such facilities where this is the case, then it will review the risk exposure that it has.

The Group analyses the interest rate exposure on at regular intervals. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would not have any financial impact as the Group does not have any interest-bearing debt.

All borrowing is approved by the Board of Directors.

Foreign currency risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

33. Financial instruments (continued)

Foreign currency risk (continued)

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The following table sets forth information relating to foreign currency exposure as at 31 March 2023:

	Year ended 31 March 2023	Year ended 31 March 2022
	Euros	Euros
Financial assets	299,379	2,676,434
Financial liabilities	<u>(1,637,131)</u>	<u>(1,709,759)</u>
Net exposure asset	<u>(1,337,751)</u>	<u>966,675</u>

A sensitivity analysis performed showed that an increase of 5% in the Euro to GBP rate would result in a decrease in financial assets of £12,555 (2022: £108,096) and a decrease in financial liabilities of £68,653 (2022: £69,054). A decrease of 5% would result in an increase in financial assets of £13,876 (2022: £119,474) and an increase in financial liabilities of £75,880 (2022: £76,323).

34. Subsidiaries

The following entities are included in the consolidated financial information of Saietta Group Plc:

Investment	Country of incorporation	Registered office	Principal activity	Shareholding		Interest
				2023	2022	
Saietta Sunderland Plant Limited (formerly Saietta Motorcycles Limited)	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Trading	100%	100%	Direct
Saietta LDE Limited (formerly Saietta Racing Limited)	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Dormant	100%	100%	Direct
Propel B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Discontinued	100%	100%	Indirect
Saietta Holding B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Traction Holdings B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta RetroMotion B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Discontinued	100%	N/A	Indirect
Saietta Europe B.V.	Netherlands	Watermanstraat 40, 7324AH Apeldoorn,	Trading	100%	N/A	Indirect

Saietta RetroMotion B.V. ceased operations in January 2023.

Propel B.V. discontinued operations in February 2023 and is presented as a disposal group held for sale as at 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

35. Related party transactions

During the year, the Group repaid an amount totalling £nil (2022: £176,111) to Mr. L Marazzi, a shareholder of the company, reducing the outstanding balance that was included within creditors due within one year at the year end to £nil.

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Trading transactions		
<i>Saietta VNA Private Limited</i>		
Revenue	855,605	-
Loans to related parties		
<i>Saietta VNA Private Limited</i>		
Loan receivable	500,000	-

The loan to associate Saietta VNA (Private) Limited is for up to £1,000,000 and can be repaid at any time with one month's notice. The term is until April 2028 and the interest rate is 7.5% starting to accrue in April 2024. A further £500,000 is drawn down in August 2023.

36. Subsequent events

On 3rd April 2023, the Group received an order for 3,000 eDrives from Ayro Inc. with a value of approximately £5 million.

On 17th April 2023, Mr Wicher Kist resigned as a director of Saietta Group Plc.

On 1st August 2023 the Group signed a suite of contracts to replace the Joint Commercialisation and Development Agreement ("JCDA") with Consolidated Metco Inc ("ConMet").

Under these new arrangements ConMet and its affiliates paid Saietta approximately €3.3 million comprised of:

- An upfront cash fee of approximately €2.7 million as consideration for the assignment of jointly developed intellectual property ("IP")

- A further sum of €0.6 million for an agreed list of machinery and equipment being transferred by Saietta

The parties also entered into a licence agreement under which Saietta has granted exclusive and non-exclusive licences over its existing IP in consideration for the payment of 2.5% of an agreed uplift to the product cost of future IWG and IWM sales incorporating Saietta's licensed IP, capped at €20 million.

37. Capital commitments

At 31 March 2023, the Group has capital commitments as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Contracted for but not provided in these financial statements		
Contracted amounts for the purchase of assets	1,094,320	1,100,000
Loan to associate	500,000	-
	<u>1,594,320</u>	<u>1,100,000</u>

Capital commitments comprises contracted amounts for the purchase of assets and a loan contract with associate.

The Group is committed to advancing a further £500,000 to its associate, Saietta VNA (Private) Limited, in August 2023. This amount is due at the earlier of available cash or 5 years (April 2028).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

38. Non current assets held for sale and discontinued operations

Saietta RetroMotion B.V.

In January 2023, it was agreed by the Board that Saietta RetroMotion B.V. would cease its retrofit operations in Apeldoorn, Netherlands and sell the retrofit business (consisting of premises and nine employees) to a customer of Saietta Group plc, Duracar. This activity accompanied a general restructuring of the Netherlands operations.

The transaction consisted of a sale of assets for £173,000 (€200,000), a novation of the lease premises and the redundancy of Saietta Europe's RetroMotion employees.

The results of the discontinued operations, which have been included in the statement of comprehensive income, were as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Revenue	275,789	952,018
Cost of sales	(251,156)	(568,477)
Other income	103,247	-
Expenses	(855,465)	(179,884)
Inventory write-down	<u>(848,580)</u>	<u>-</u>
Loss before tax	(1,576,165)	203,657
Impairment of disposal group	<u>(480,729)</u>	<u>-</u>
Net loss attributable to discontinued operations (attributable to owners of the Company)	<u><u>(2,056,894)</u></u>	<u><u>203,657</u></u>

Expenses from discontinued operations include a write off of inventory of £848,580 and severance costs of £107,326. During the year, Saietta RetroMotion B.V. increased the Group's net operating cash flows by £10,000. The major classes of assets and liabilities comprising the discontinued operation are as follows:

	Year ended 31 March 2023
	£
Trade and other receivables	46,800
Cash and cash equivalents	<u>9,031</u>
Total assets classified as held for sale	<u>55,831</u>
Trade and other payables	<u>251,639</u>
Total liabilities associated with assets classified as held for sale	<u>251,639</u>
Net liabilities of disposal group	<u><u>(195,808)</u></u>

Propel B.V.

In February 2023, it was agreed by the Saietta Group plc Board that the marine retail operation (Propel) was representing too high a cash outflow to the Group and that further investment into marine retail activity should cease with resources focused on light duty applications going forward.

The Propel activities constituted a discontinued operation from the Board decision to cease investment at which point the Board commenced actively seeking an industrialisation partner, with a linked sale being sought for the intellectual property and distribution rights of the business.

Propel BV is considered a cash generating unit as it operates as a specific business unit dedicated to marine activities. It has been reviewed for potential impairment.

An impairment of the assets of Propel has been recognised following the decision to seek an industrialisation partner to take the marine retail business forward. This decision creates uncertainty over the recoverability of the assets of Propel BV until such point that formal arrangements with a partner are agreed.

Determination of impairment was made on the basis of nil recovery due to the uncertainties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

38. Non current assets held for sale and discontinued operations (continued)

Propel B.V. (continued)

The results of the discontinued operations, which have been included in the statement of comprehensive income for the year, were as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Revenue	27,319	1,261,008
Cost of sales	(2,492)	(714,795)
Grant income	-	50,799
Expenses	<u>(3,779,093)</u>	<u>(847,646)</u>
Loss before tax	(3,754,266)	(250,634)
Loss on impairment of disposal group	<u>(2,057,480)</u>	-
Net loss attributable to discontinued operations (attributable to owners of the Company)	<u><u>(5,811,746)</u></u>	<u><u>(250,634)</u></u>

During the year, Propel B.V reduced the Group's net operating cash flows by £2.4 million (2022: £1.5 million), paid £1.2 million (2022: £1.3 million) in respect of investing activities and paid £0.1m (2022 received: £0.3 million) in respect of financing activities.

Propel is expected to be sold within 12 months and has been classified as a disposal group held for sale and presented separately in the statement of financial position. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	Year ended 31 March 2023
	£
Trade and other receivables	77,195
Cash and bank balances	<u>94,448</u>
Total assets classified as held for sale	<u>171,643</u>
Trade and other payables	495,354
Lease liabilities	<u>171,835</u>
Total liabilities associated with assets classified as held for sale	<u>667,189</u>
Net liabilities of disposal group	<u><u>(495,546)</u></u>

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Costs to sell have been provided for, estimated as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Accrued costs		
Severance pay	161,157	-
Lease exit fees	<u>44,032</u>	-
	<u><u>205,189</u></u>	<u><u>-</u></u>

Summary of profits and losses from discontinued operations:

Saietta RetroMotion B.V.	(2,056,894)	203,657
Propel B.V.	<u>(5,811,746)</u>	<u>(250,634)</u>
Total losses from discontinued operations	<u><u>(7,868,640)</u></u>	<u><u>(46,977)</u></u>

	Year ended 31 March 2023
	£
Total assets of disposal groups held for sale	<u>227,474</u>
Total liabilities of disposal groups held for sale	<u>918,828</u>

COMPANY BALANCE SHEET OF SAIETTA GROUP PLC

As at 31 March 2023

Company number 06744840

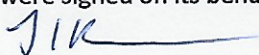
ASSETS	Notes	2023 £	2022 £
Non-current assets			
Intangible fixed assets	42	8,213,823	5,570,787
Tangible fixed assets	43	7,406,199	2,796,984
Right of use assets	44	5,595,634	2,258,202
Investment in associate	50	267,784	-
Investments in subsidiaries	45	173	173
Trade and other receivables	47	134,526	734,526
Prepayments and accrued income	47	119,590	101,825
Other financial assets	47	500,000	-
Amounts due from group companies	47	1,774,525	1,700,491
Total non-current assets		24,012,254	13,162,988
Current assets			
Inventories	46	132,298	297,585
Trade and other receivables	47	2,867,731	3,232,513
Prepayments and accrued income	47	3,017,464	886,675
Amounts due from group companies	47	2,612,104	5,473,694
Cash and cash equivalents	47	7,084,691	17,883,118
Total current assets		15,714,288	27,773,585
TOTAL ASSETS		39,726,542	40,936,573
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	48	2,461,077	5,014,255
Contract liabilities		326,286	-
Lease liabilities	48	1,086,440	259,630
Total current liabilities		3,873,803	5,273,885
Non-current liabilities			
Lease liabilities	48	4,975,575	2,029,485
Liabilities for financial guarantees	48	-	41,833
Total non-current liabilities		4,975,575	2,071,318
EQUITY			
Share capital	54	113,209	93,557
Share premium	54	56,670,326	34,671,275
Share options reserve	55	14,615,611	12,217,991
Profit and loss account		(40,521,982)	(13,391,453)
Total equity		30,877,164	33,591,370
TOTAL EQUITY AND LIABILITIES		39,726,542	40,936,573

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the Company for the year was £27.1 million (2022: loss of £10.2 million).

The notes on pages 97 to 129 are an integral part of these financial statements.

These parent company financial statements were approved by the Saietta Group plc Board and authorised for issue on 18 October 2023.

They were signed on its behalf by:



Steven Harrison
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Notes	Share capital £	Share premium £	Share options reserve £	Profit and loss account £	Total £
Balance at 1 April 2021		51,921	-	7,318,468	(3,272,084)	4,098,305
Comprehensive loss for the year						
Loss for the year		-	-	-	(10,191,852)	(10,191,852)
Total comprehensive loss		-	-	-	(10,191,852)	(10,191,852)
Contributions by owners						
Issue of shares	54	32,245	35,145,382	-	-	35,177,627
Share issue costs offset against share premium	54	-	(2,868,972)	-	-	2,868,972
Share-based payments	55	-	-	4,899,523	-	4,899,523
Share issues on exercise of employee share options	54	6,091	58,165	-	-	64,256
Settlement of the convertible loan		-	-	-	72,483	72,483
Shares issued on conversion of convertible loan notes	54	3,300	2,336,700	-	-	2,340,000
Balance at 31 March 2022		93,557	34,671,275	12,217,991	(13,391,453)	33,591,370
Balance at 1 April 2022		93,557	34,671,275	12,217,991	(13,391,453)	33,591,370
Comprehensive loss for the year						
Loss for the year		-	-	-	(27,130,529)	(27,130,529)
Total comprehensive loss		-	-	-	(27,130,529)	(27,130,529)
Contributions by owners						
Issue of shares	54	18,812	23,581,189	-	-	23,600,001
Share issue costs offset against share premium	54	-	(1,590,469)	-	-	(1,590,469)
Share-based payments	55	-	-	2,397,620	-	2,397,620
Share issues on exercise of employee share options	54	840	8,331	-	-	9,171
Balance at 31 March 2023		113,209	56,670,326	14,615,611	(40,521,982)	30,877,164

Share capital

The share capital represents the nominal value of the equity shares in issue.

Share premium account

When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

Share options reserve

When shares are issued on the exercise of vested share options, the share option reserve is debited.

Accumulated losses

The retained earnings reserve records the accumulated profits and losses of the Company since inception of the business.

The notes on pages 97 to 129 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Saietta Group plc is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis, and in accordance with the Companies Act 2006. The presentation currency used is sterling and amounts have been presented rounded to the nearest £.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of a reconciliation of the number of shares outstanding at the start and end of the prior period
- A Statement of Cash Flows and related disclosures for cash flows from discontinued activities.
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead).
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements.
- Disclosures in relation to the objectives, policies and process for managing capital.
- Disclosure of the effect of future accounting standards not yet adopted.
- The remuneration of key management personnel.
- Related party transactions with two or more wholly owned members of the group.
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.
- The maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 48.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Saietta Group plc. These financial statements do not include certain disclosures in respect of:

- Share based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment.
- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

The parent company of the following wholly-owned subsidiary companies guarantees these subsidiary companies under section 479C of the Companies Act 2006 and agrees to the exemption from audit in respect of the year ended 31 March 2023:

- Saietta Sunderland Plant Limited
- Saietta LDE Limited

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the financial position of the Company, its cash flows and its liquidity position. The Company's financial risk management objectives and exposures to liquidity and other financial risks and uncertainties are set out on pages 15 to 18. The Company had net assets of £30,877,164 (2022: £33,591,370) as at 31 March 2023 and available liquidity of £7,084,691 (2022: £17,883,118) comprised of cash and cash equivalents.

The Company has modelled scenarios for a period up to October 2024 from the March 2023 year end and stress tested its financial position in such scenarios. These stress tests modelled the variability in financial performance and free cash flows when incorporating certain hypothetical events such as a reduction in forecast revenue and a delay in the receipt of payments for equipment from Saietta VNA.

The Company operates in markets that are rapidly growing and has strategic plans that respond to such growth. In delivering those plans, the Company is mindful of the ultimate benefits from maintaining control over the deployment of its intellectual property in applications with major OEMs and within its joint venture arrangements. In order to do so, it recognises that at times it will potentially need to co-invest or defer investment to its partners to enhance the future value it can achieve from application of its products. In such instances the commercial merits will be weighed in determining whether funding is sought.

These forecasts align to the business strategy which was based on the assumption that the Company will significantly increase its revenue and be able to generate significant gross profit in the next 12 months.

Furthermore, the forecasts also include payments from Saietta VNA, the Company's joint venture in India, for equipment for fully automated production of AFT motors. The Company has spent £3m on such equipment and this amount is to be reimbursed by Saietta VNA. In the absence of such reimbursement there may also be a need to raise additional funding.

Whilst the Directors expect that additional funding can be raised this is not guaranteed and when continuing with an accelerated expansion this presents a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Whilst acknowledging the uncertainties described above, the Board have concluded, on the basis of all scenarios and related expected cashflows and available sources of finance, that the Company will be able to continue as a Going Concern for at least twelve months from the date of signing these financial statements and therefore it remains appropriate to prepare the Company's results on the basis of a going concern.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 41.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

New standards, interpretations and amendments:

There have been amendments to some accounting standards:

IFRS 3 Business Combinations: Reference to the Conceptual Framework

IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

There are no new standards, interpretations or amendments not yet applied which the Directors anticipate will have a material impact on the Company.

Revenue recognition

Performance obligations and timing of revenue recognition

A portion of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

The Company's Lightweight and Heavy-duty divisions both carry out design (consultancy-type) services for clients, with revenue recognised typically on an over time basis. This is because the designs created have no alternative use for the Company and the contracts would require payment to be received for the time and effort spent by the Company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Company's failure to perform its obligations under the contract. On partially complete design contracts, the Company recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours to complete the projects and therefore also represents the amount to which the Company would be entitled based on its performance to date. These design contracts include commitment fees are fees which are payable by customers in order to secure exclusive access to certain goods and services of the company and thus precludes the Company from offering those goods and services to other customers. They are recognised over the period of the commitment.

Determining the transaction price

Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Revenue recognition (continued)

Allocating amounts to performance obligations

For most contracts for goods, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

For most contracts for design services, revenue is recognised over time in accordance with percentage completion. Accordingly, the transaction price is allocated in accordance by reference to the actual costs incurred as a proportion of the total expected cost of the products and services to be provided for each performance obligation. Allocation of transaction price may include allocation of discounts, which are applied on a proportionate basis to all performance obligations based on the stand-alone selling price of each performance obligation (observable or estimated).

In order to win significant repeat business with key customers, the Company might enter into contracts entitling them to discounts if it places repeat orders in the future. Such discounts constitute a 'material right' and result in some of the consideration received for the initial sale being deferred and recognised as revenue when subsequent sales are fulfilled or (if later) when the rights to receive a discount expire. The Company estimates both the probability that the customer will take up its future discount offer and the value of future purchases that might be made in order to estimate the value of the rights granted. This has to be done on a contract-by-contract basis for each customer to whom material rights have been granted. The Directors do not consider past experience an appropriate basis for estimating the amount of total contract revenue to allocate to future discount rights for two reasons. Firstly, there is not a significant number of such contracts on which past experience can be extrapolated. And secondly, each customer has unique circumstances which will impact both the probability and value of additional orders being placed. Therefore, the estimates are made by reference to discussions had with the relevant customers as to the extent the discount options will be taken up when the original contracts were negotiated.

Costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for engineering design service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

Practical expedients

The company has taken advantage of the practical expedients:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Grant income

The Company enters into consortiums with partners who together will apply for grant income to be paid out against a project that contains defined deliverables, clear outcomes and a set level of expenditure.

Expenditure comprises both capital purchases for equipment and operational expenditure for labour and supplies.

Each partner agrees a set level of expenditure at the start of the project and a level of grant income paid for by the grant provider is allocated for payment against the expenditure incurred, however the deliverables on the project for each partner are linked. Such projects are sought by the Company as they provide funding over one or more work streams that form part of the Company's programme(s) to deliver increased production capacity.

The Company recognises the costs of a project in the period in which they are incurred when related to qualifying expenditure. The grant income that is provided against this total expenditure is recognised as income when received from the issuing authority. Recognition occurs at this point as its release is subject to the issuer's review and confirmation of compliance with all conditions for release. The grant related to the asset is deferred and recognised as income in the same period in which the grant-related asset is being depreciated.

Assets acquired for use in such projects are depreciated in accordance with the Company's depreciation policy.

The grant programmes that the Company participates in typically operate on a three month cycle, with recoverable income over each three month period paid in the month following that period.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provisions are made when a present obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is also the Company's functional currency.

Transactions entered into by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Intangible assets

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant externally acquired intangibles recognised by the company and their useful economic lives are as follows:

Intellectual property patents	10% straight line
Software	25% reducing balance

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Intangible assets (continued)

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are subsequently amortised on a straight line basis over the periods the company expects to benefit from selling the products developed, which ranges from 8 to 10 years. The amortisation expense is included within the administrative expenses in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

Tangible assets

Tangible fixed assets are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Short leasehold	Remaining lease term
Plant and machinery	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	Four years

Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. At the end of the initial period, asset lives reach a residual value at which they are either suitable for replacement or extended life after maintenance and overhaul.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. At the end of the initial period, asset lives reach a residual value at which they are either suitable for replacement or extended life after maintenance and overhaul. The key areas of estimation uncertainty regarding depreciation is the determination of the life time capacity; risk of obsolescence from technological and regulatory changes; and required future capital expenditure (refurbishment or replacement of key components).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Tangible assets (continued)

Assets under construction

Assets under construction relates to the construction of an automated production line which at 31 March 2023 was not yet ready for use.

Assets under construction are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Any costs not capitalised as part of the factory cost will be expensed to the statement of profit or loss as incurred.

Depreciation on assets under construction does not commence until they are complete and available for use.

When necessary, the entire carrying amount of the assets under construction is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventory is valued at the weighted average cost and is held at the lower of the weighted average cost or the selling price less costs to sell.

Investments in subsidiaries

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

• Financial assets

All financial assets are held at amortised cost.

Amortised Cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Financial assets (continued)

Amortised Cost (continued)

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised separately within the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The maximum exposure to loss arising from trade accounts receivable is equal to their total carrying value as the loss allowance not recognised is considered to be immaterial to the financial statements.

The Company's financial assets measured at amortised cost comprise trade and other debtors, accrued income and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within 'Creditors: amounts falling due within one year' on the statement of financial position.

Financial liabilities

The Company does not have any borrowings or liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

· Financial guarantee contract liabilities

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised on the difference between the carrying amount of an asset or liability and the amount at which that asset or liability is assessed for tax purposes (tax base). Historical accumulated tax losses would give rise to a net deferred tax asset for the Company. However, due to the uncertainty on future recovery the Directors considered it prudent not to recognise such asset at this time.

Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Leases

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The company obtains substantially all the economic benefits from use of the asset; and
- (c) The company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

40. Accounting policies (continued)

Leases (continued)

Identifying Leases (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Share-based payments

The Company operates a share based compensation plan whereby employees are awarded equity settled share options by the parent company for services provided to this Company. The Company has no obligation to settle the awards.

The fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings. 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. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

40. Accounting policies (continued)

Share-based payments (continued)

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

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 the statement of comprehensive income over the remaining vesting period.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

Prepayments

Prepayments are recognised as assets in the statement of financial position when:

- The Company has made an advance payment for goods or services to be received in the future,
- It is probable that economic benefits associated with the prepayment will flow to the Company, and
- the amount of the prepayment can be measured reliably.

Prepayments are initially measured at the amount paid, and are released over the period over which the related goods or services are consumed or utilised.

Prepayments are presented as current assets in the statement of financial position to the extent that they are expected to be realised within the following 12 months. The portion of prepayments to be realised following one year from the balance sheet date is presented in non-current assets.

Prepayments are derecognised when the related goods or services are received or consumed, or when the right to receive the goods or service no longer exists. Any remaining balance is removed from the statement of financial position and the relevant expense is recognised in the statement of comprehensive income.

Accrued income

Accrued income represents grant income that has become due to the Company but has not been received at the reporting date.

Accrued income is recognised when:

- There is an unconditional right to receive the income
- The income can be reliably measured, and
- It is probable that the economic benefits associated with the income will flow to the company.

Accrued income is presented in current assets as it is expected to be realised within 12 months of the reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

41. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and key areas of estimation uncertainty

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets:

Short leasehold	Remaining lease term
Plant and machinery	Eight years to a residual value
Fixtures and fittings	Eight years to a residual value
Motor vehicles	Four years

Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised. At the end of the initial period, asset lives reach a residual value at which they are either suitable for replacement or extended life after maintenance and overhaul. The key areas of estimation uncertainty regarding depreciation is the determination of the life time capacity; risk of obsolescence from technological and regulatory changes; and required future capital expenditure (refurbishment or replacement of key components).

Useful lives of intangible assets

The carrying values of these assets are tested for impairment when there is an indication that the value of the assets might not be realisable or impaired either at an individual cash generating unit level or for the Company as a whole.

Patents are recognised at cost and development costs include both purchases and capitalized employee costs directly attributable to the development.

The nature of the estimation uncertainty is both to the eventual integration of such an intangible asset into commercial production and the successful cash generation from such production. The underlying assumption is that impairment occurs if either the achievement of project milestones that meet client's roadmaps to commercialization are not met (and thereby indicate uncertainty over the viability to start of production ("SOP")), or if the commercial potential is reduced to such an extent that recovery of all invested amounts are uncertain.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

41. Critical accounting estimates and judgements (continued)

Useful lives of intangible assets (continued)

The carrying amount is sensitive to both write-off of any intangible asset that is impaired and to amortisation either before all criteria to amortise are met, or after such criteria have been met. When carrying out impairment tests these are based upon future cash flow forecasts and these forecasts include management estimates. Future events or changes in the market could cause the assumptions to change, therefore this could also have an adverse effect on the future results of the Company.

Recognition of internally generated intangible assets arising from the development phase of a project is dependent upon application of specific criteria detailed in note 40. Management judgement is required as to the extent that each of the criteria is met and to the point where development is complete.

Research and Development credits

Research and Development ("R&D") credits arising in the United Kingdom under Corporation Tax Act 2009 Section 1308 claims are recognised upon success and recognised within Accrued Income. Successful Section 1308 R&D credits are considered to be UK Government grants arising as a direct result of the Company's investment in its R&D assets and for which no further obligation exists upon the Company. The R&D credits are charged to the P&L at the same time that the asset is expensed to P&L, therefore amortised over 8 years as their benefit is derived over the use of the Company's R&D assets.

Expected credit losses and asset impairment

Expected credit losses are assessed under IFRS9 using reasonable information about past events and current conditions and forecasts of future events. Asset impairment considers the likely returns from financial assets owned by the Group and their recoverability, based on market values and management's judgement of any other relevant factors.

Please refer to Note 49 for further detail.

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 48) and the corresponding right-of-use assets (note 44).

To determine the incremental borrowing rate the Company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

The Company used incremental borrowing rates specific to each lease which ranged between 4.0% and 7.25%. A 5% increase in the rate would cause the lease liability to reduce by £830,676 with a corresponding movement in the 'cost' of the right-of-use asset which would reduce the associated amortisation.

Share Options – estimates and assumptions

Key sources of estimation uncertainty the valuation of share options issued in the year has been based on a Black Scholes model for options with no market based vesting conditions and a Monte Carlo simulation for options with market based vesting conditions. The inputs to both models represent the Director's best estimates for the likely exercise behaviour of the option holders. The expected future share price volatility was estimated based on the historical volatility of the Company's share price and a representative peer group of similar companies. For the share options with market based vesting conditions an independent specialist consultant was engaged to simulate the impact on the market-based conditions on the fair value of the options issued.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

42. Intangible assets

	Patents and licences	Development costs	Software	Total
	£	£	£	£
Cost				
At 1 April 2022	456,349	5,019,108	227,836	5,703,293
Additions	534,529	1,884,088	439,506	2,858,123
Impairment	-	(107,166)	-	(107,166)
At 31 March 2023	990,878	6,796,030	667,342	8,454,250
Accumulated amortisation				
At 1 April 2022	51,720	-	80,786	132,506
Amortisation for the year	68,874	-	39,047	107,921
At 31 March 2023	120,594	-	119,833	240,427
Net book value				
Net book value at 31 March 2023	870,284	6,796,030	547,509	8,213,823

	Patents and licences	Development costs	Software	Total
	£	£	£	£
Cost				
At 1 April 2021	79,168	3,253,554	110,231	3,442,953
Additions	377,181	1,765,554	117,605	2,260,340
At 31 March 2022	456,349	5,019,108	227,836	5,703,293
Accumulated amortisation				
At 1 April 2021	24,168	-	54,629	78,797
Amortisation for the year	27,552	-	26,157	53,709
At 31 March 2022	51,720	-	80,786	132,506
Net book value				
Net book value at 31 March 2022	404,629	5,019,108	147,050	5,570,787

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

43. Tangible fixed assets

	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 2022	492,028	286,044	689,806	147,844	1,938,441	3,554,163
Additions	1,122,982	1,294,569	1,204,865	36,144	1,724,230	5,382,790
Impairment losses	-	(137,668)	-	-	-	(137,668)
Disposals	-	-	-	-	-	-
At 31 March 2023	<u>1,615,010</u>	<u>1,442,945</u>	<u>1,894,671</u>	<u>183,988</u>	<u>3,662,671</u>	<u>8,799,285</u>

Accumulated depreciation

At 1 April 2022	299,326	86,730	264,167	106,956	-	757,179
Depreciation for the year	111,213	305,723	201,266	17,705	-	635,907
At 31 March 2023	<u>410,539</u>	<u>392,453</u>	<u>465,433</u>	<u>124,661</u>	<u>-</u>	<u>1,393,086</u>

Net book value

Net book value at 31 March 2023	<u>1,204,471</u>	<u>1,050,492</u>	<u>1,429,238</u>	<u>59,327</u>	<u>3,662,671</u>	<u>7,406,199</u>
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	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 2021	290,932	113,156	323,838	110,044	-	837,970
Additions	201,096	172,888	365,968	40,200	1,938,441	2,718,593
Disposals	-	-	-	(2,400)	-	(2,400)
At 31 March 2022	<u>492,028</u>	<u>286,044</u>	<u>689,806</u>	<u>147,844</u>	<u>1,938,441</u>	<u>3,554,163</u>

Accumulated depreciation

At 1 April 2021	290,932	70,078	177,574	100,907	-	639,491
Depreciation for the year	8,394	16,652	86,593	6,549	-	118,188
Depreciation eliminated on	-	-	-	(500)	-	(500)
At 31 March 2022	<u>299,326</u>	<u>86,730</u>	<u>264,167</u>	<u>106,956</u>	<u>-</u>	<u>757,179</u>

Net book value

Net book value at 31 March 2022	<u>192,702</u>	<u>199,314</u>	<u>425,639</u>	<u>40,888</u>	<u>1,938,441</u>	<u>2,796,984</u>
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NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

44. Right-of-use assets

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

	Buildings £	Restorations £	Equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2022	2,363,240	-	27,021	169,120	2,559,381
Additions	4,302,717	-	124,707	46,050	4,473,474
Disposals	(566,093)	-	(27,021)	-	(593,114)
At 31 March 2023	6,099,864	-	124,707	215,170	6,439,741
Accumulated amortisation					
At 1 April 2022	267,833	-	20,872	12,474	301,179
Depreciation for the year	821,204	-	5,539	60,720	887,463
Depreciation eliminated on disposal	(323,320)	-	(21,215)	-	(344,535)
At 31 March 2023	765,717	-	5,196	73,194	844,107
Net book value					
At 31 March 2023	5,334,147	-	119,511	141,976	5,595,634

	Buildings £	Restorations £	Equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2021	530,867	-	27,021	-	557,888
Additions	1,832,373	-	-	169,120	2,001,493
At 31 March 2022	2,363,240	-	27,021	169,120	2,559,381
Accumulated amortisation					
At 1 April 2021	105,185	-	18,820	-	124,005
Amortisation for the year	162,648	-	2,052	12,474	177,174
At 31 March 2022	267,833	-	20,872	12,474	301,179
Net book value					
At 31 March 2022	2,095,407	-	6,149	156,646	2,258,202

45. Investment in subsidiary undertakings

Investments in Company undertakings are stated at cost.

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Cost		
At 1 April	173	88
Additions	-	85
At 31 March	173	173

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

45. Investment in subsidiary undertakings (continued)

The Company's subsidiary undertakings at the year-end are as follows:

Investment	Country of incorporation	Registered office	Principal activity	Shareholding		Interest
				2023	2022	
Saietta Sunderland Plant Limited (formerly Saietta Motorcycles Limited)	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Trading	100%	100%	Direct
Saietta LDE Limited (formerly Saietta Racing Limited)	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Dormant	100%	100%	Direct
Propel B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Discontinued	100%	100%	Indirect
Saietta Holding B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Traction Holdings B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta RetroMotion B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Discontinued	100%	N/A	Indirect
Saietta Europe B.V.	Netherlands	Watermanstraat 40, 7324AH Apeldoorn, Netherlands	Trading	100%	N/A	Indirect

Saietta RetroMotion B.V. ceased operations in January 2023.

Propel B.V. discontinued operations in February 2023 and is presented as a disposal group held for sale as at 31 March 2023.

46. Inventories

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Raw materials and work in progress	<u>132,298</u>	<u>297,585</u>

Finished goods include an amount of £16,000 (2022: £31,510) carried at fair value less costs to sell.

47. Financial and non-financial assets

(a) Cash and cash equivalents

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cash in hand and at bank	<u>7,084,691</u>	<u>17,883,118</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

47. Financial and non-financial assets (continued)

(b) Trade and other receivables	Year ended 31 March 2023	Year ended 31 March 2022
Non-current:	£	£
Other debtors	<u>134,526</u>	<u>734,526</u>
	134,526	734,526
Current:		
Trade debtors	1,072,940	670,945
Other debtors	485,771	1,742,568
R&D tax credit	775,481	574,368
VAT recoverable	<u>533,539</u>	<u>244,632</u>
	<u>2,867,731</u>	<u>3,232,513</u>
	<u>3,002,257</u>	<u>3,967,039</u>

The ECL model is required to be applied to the intercompany loans receivable from subsidiary companies, which are held at amortised cost. Please refer to note 1 of the parent company financial statements for the detail on the impact and the financial assets accounting policy included in this note.

(c) Prepayments and accrued income	Year ended 31 March 2023	Year ended 31 March 2022
Non-current:	£	£
Prepayments and accrued income	<u>119,590</u>	<u>101,825</u>
	119,590	101,825
Current:		
Prepayments and accrued income	<u>3,017,464</u>	<u>886,675</u>
	<u>3,017,464</u>	<u>886,675</u>
	<u>3,137,054</u>	<u>988,500</u>

(d) Amounts due from subsidiaries	Year ended 31 March 2023	Year ended 31 March 2022
Non-current:	£	£
Amounts due from subsidiaries	<u>1,774,525</u>	<u>1,700,491</u>
	1,774,525	1,700,491
Current:		
Amounts due from subsidiaries	<u>2,612,104</u>	<u>5,473,694</u>
	<u>2,612,104</u>	<u>5,473,694</u>
	<u>4,386,629</u>	<u>7,174,185</u>

Included within non-current amounts due from subsidiaries is a balance of £1,774,525 (2022: £1,700,491) due in respect of a loan extended to subsidiary, Saietta Traction Holdings B.V. on 8 November 2021. The loan is unsecured and repayable on demand after 5 years from the date on which the loan was extended. Interest on the loan accrues at a rate of 0.5% per annum.

Remaining amounts due from subsidiaries are repayable on demand and are unsecured. The Company balance sheet includes intercompany loans with two subsidiaries of the Company that have impairments in the year: specifically, Propel BV, where an industrialisation partner is being sought and Saietta Europe BV, where activities were transferred to ConMet. The impairments in the subsidiaries themselves are indicative that sufficient funds will not be generated within those subsidiaries to extinguish the intercompany balances with the Company. The impairments have been determined after applying discount rates appropriate for the risk profile of future economic flows from the potential arrangements with industrialisation partners in the case of Propel BV and the ConMet licence payments in the case of Saietta Europe BV. Specifically discount rates of 10% and 11.8% have been applied and impairments with a value of £6,275,604 and £6,536,249 made for Propel BV and Saietta Europe BV respectively.

The impaired value for the intercompany loan from Saietta Europe BV was determined in accordance with a model of its value in use whilst the impaired value for the intercompany loan from Propel BV was determined according to recoverable amount.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

47. Financial and non-financial assets (continued)

(e) Other financial assets	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Non-current:		
Loan receivable from associate	500,000	-

The loan to associate Saietta VNA (Private) Limited is for up to £1,000,000 and can be repaid at any time with one month's notice. The term is until April 2028 and the interest rate is 7.5% starting to accrue in April 2024. A further £500,000 is drawn down in August 2023.

48. Trade and other payables

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current:		
Trade creditors	1,056,512	867,043
Social security and other taxes	200,532	1,489,057
Pension due	58,225	20,224
Accruals and deferred income	355,613	348,612
Other creditors	790,194	2,289,319
	<u>2,461,076</u>	<u>5,014,255</u>

Lease liabilities

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current:		
Lease liabilities	1,086,440	259,630
	<u>1,086,440</u>	<u>259,630</u>
Non-current:		
Lease liabilities	4,975,575	2,029,485
	<u>4,975,575</u>	<u>2,029,485</u>
	<u>6,062,015</u>	<u>2,289,115</u>

Included within lease liabilities are the following amounts:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Due within one year	1,086,440	259,630
Due in more than one but not more than two years	773,474	366,593
Due in more than two but not more than five years	2,131,345	907,618
Due after five years	2,070,756	755,274
	<u>6,062,015</u>	<u>2,289,115</u>

Liabilities for financial guarantees

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current:		
Liabilities for financial guarantees	-	41,833
	<u>-</u>	<u>41,833</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

49. Financial instruments

Risk Management objectives

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The Company is exposed to the following financial risks:

- a. Credit risk
- b. Liquidity risk
- c. Interest rate risk

(i) Principal financial instruments

The Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- a. Trade and other receivables
- b. Cash and cash equivalents
- c. Trade and other payables
- d. Fixed rate hire purchase agreement (classified within lease liabilities)
- e. Investments in unquoted equity securities

(ii) Financial instruments by category

Financial assets

	Amortised cost	
	2023	2022
	£	£
Cash and cash equivalents	7,084,691	17,883,118
Trade and other receivables	1,693,237	3,148,039
Amounts due from subsidiaries	4,386,629	7,174,185
Loan to associate	500,000	-
Total financial assets	13,664,557	28,205,342

Financial liabilities

	Amortised cost		Fair value through profit and loss	
	2023	2022	2023	2022
	£	£	£	£
Trade and other payables	2,202,319	3,156,362	-	-
Lease liabilities	6,062,015	2,289,115	-	-
Liabilities for financial guarantees	-	-	-	41,833
Total financial liabilities	8,264,334	5,445,477	-	41,833

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

49. Financial instruments (continued)

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

Financial liabilities	Level 1		Level 2		Level 3	
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Liabilities for financial guarantees	-	-	-	-	-	41,833

There were no transfers between levels during the year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Equity investments	Recognised at cost and adjusted thereafter for the post- acquisition change in the investor's share of the investee's net assets.	Not applicable.	Not applicable.
Liabilities for financial guarantees	Discounted cashflow model using the difference between market rates of interest and the rate per the loan note instrument adjusted for probability of default.	Not applicable.	Not applicable.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

49. Financial instruments (continued)

(iv) Financial instruments measured at fair value (continued)

There were no changes to the valuation techniques during the year.

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Balance at beginning of financial year	41,833	-
Additions to financial liabilities during the year	-	78,058
Amortisation recognised	(41,833)	(36,225)
Balance at end of financial year	<u>-</u>	<u>41,833</u>

On 1 December 2021, the Company entered into an agreement to guarantee the obligations of its transport provider, Livingstone Aviation Limited in exchange for preferential access to their services.

Under IFRS9, the financial guarantee contracts was treated as a financial liability and was initially recognised at fair value. Subsequently, the financial guarantee contract was measured at the higher of the IFRS 9 expected credit loss (ECL) allowance and the amount initially recognised less any cumulative amount of income/amortisation recognised.

Subsequent to year end Livingstone Aviation Limited disposed of its aircraft and at that moment the Company was released fully from the financial guarantee.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's internal auditors also review the risk management policies and processes and report their findings to the Audit & Risk Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The ability to do this relies on the Company expanding its customer base, collecting its trade receivable, completing financings in a timely manner and by maintaining sufficient cash and cash equivalents on hand.

The following tables show the contractual maturities of financial liabilities:

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

49. Financial instruments (continued)

As at 31 March 2023	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£	£
Trade and other payables	1,846,706	1,846,706	-	-
Lease liabilities	7,027,635	1,331,773	3,498,728	2,197,134
Accrued liabilities	355,613	355,613	-	-
	<u>9,229,954</u>	<u>3,534,092</u>	<u>3,498,728</u>	<u>2,197,134</u>
As at 31 March 2022	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£	£
Trade and other payables	3,156,362	3,156,362	-	-
Accrued liabilities	348,612	348,612	-	-
Lease liabilities (restated) ¹	2,742,432	344,202	1,360,636	1,037,594
Liabilities for financial guarantees	41,833	-	41,833	-
	<u>6,289,239</u>	<u>3,849,176</u>	<u>1,402,469</u>	<u>1,037,594</u>

1. The Liquidity risk table has been restated to include the undiscounted contractual cashflows for the lease liabilities for 2022 which were omitted in the prior year.

Liquidity risk arises from the Company's management of working capital and the continued availability of its other funding facilities. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The company actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations but is always in close contact with key shareholders who would assist the Company if required.

Market risk

The Company's products are focused on meeting certain current or expected requirements of individual markets and these requirements could evolve before the Company is able to complete its licensing agreements.

The Company periodically reviews the markets, and demands expected of products to minimize the risk to its business. It also reviews new markets to identify future demand outside of the initial intended markets. As the Company releases products, it will continue to carry out an assessment of the market risk it is exposed to and will carry out sensitivity analysis on the impact that each risk will have on the product(s)' performance and the wider impact on the Company's income statement and its financial position.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument or customer contract fails to meet its obligations. The Company is mainly exposed to credit risk from credit sales. At 31 March 2023 the company has net trade receivables of £1,072,940 (2022: £670,945 (last year disclosed as £734,526)).

The Company is exposed to credit risk in respect of credit sales such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The Company attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history. In a limited number of customer contracts, an initial payment is secured which helps to mitigate the overall credit risk of a project.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

49. Financial instruments (continued)

Credit risk (continued)

The following provision matrix is used to determine the initial expected credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Company operates.

None past due	2.3% of carrying value (2022: 1%)
30 days past due	17% of carrying value (2022: 8.6%)
30-60 days past due	100% of carrying value (2022: 9.6%)
60-90 days past due	100% of carrying value (2022: 100%)
>90 days past due	100% of carrying value (2022: 100%)

Although the Company has its own terms and conditions with a 30 day payment expectation, under some contracts it accepts longer terms with suitable customers. Should a trade debtor exceed the payment terms, then the Company engages to ensure swift payment.

The maximum exposure to loss arising from trade accounts receivable is equal to their total carrying value.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The maximum exposure to credit risk is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cash on deposit	7,084,691	17,883,118
Trade receivables	1,072,940	670,945
Other receivables	620,297	2,477,094
Amounts owed by subsidiaries	4,386,629	7,174,185
Loan advanced to associate	500,000	-
	<u>13,664,557</u>	<u>28,205,342</u>

The ageing of trade receivables at the year-end date was:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current	1,082,162	518,690
More than 30 days past due	-	110,600
More than 60 days past due	7,121	13,614
More than 120 days past due	17,916	28,041
	<u>1,107,199</u>	<u>670,945</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

49. Financial instruments (continued)

Credit risk (continued)

Balances with maturity requiring a credit loss provision were individually reviewed and the ultimate conclusion that there would be full recoverability thereby determined.

The Company has made unsecured loans to its subsidiary companies. Although the loans are repayable on demand, they are unlikely to be repaid until the projects become successful and the subsidiaries start to generate revenues. The method of assessment of the expected credit loss arising on intercompany loans is detailed in note 49 of the Company financial statements.

The maximum exposure to loss arising from amounts owed by subsidiaries is equal to their total carrying value. The loan receivable from Propel B.V. has been fully impaired by £6,275,604. The loan receivable from Saietta Europe B.V. has been impaired by £6,536,249.

Capital risk management

Whilst the Group has no bank debt, its capital structure comprises cash from the issuance of equity both at the time of its initial public offering and subsequently and finance lease obligations arising from its right of use assets. This constitutes the capital under management. The company has low gearing with a debt equity ratio of 12%.

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

All working capital requirements are financed from existing cash.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Interest rate risk

The Company's activities expose it to the financial risks of interest rates. The Company reviews its risk management strategy on a regular basis and if appropriate it will enter into derivative financial instruments in order to manage interest rate risk. At present, the Company does not have any financial leases or borrowings that have a floating interest rate, however should it take on such facilities where this is the case, then it will review the risk exposure that it has.

The Company analyses the interest rate exposure on at regular intervals. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would not have any financial impact as the Company does not have any interest-bearing debt.

All borrowing is approved by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

49. Financial instruments (continued)

Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in its functional currency with the cash generated from its own operations in that currency. Where the Company has liabilities denominated in a currency other than its functional currency (and has insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere in the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Company, of liabilities due for settlement and expected cash reserves.

The Company aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The following table sets forth information relating to foreign currency exposure as at 31 March 2023:

	Year ended 31 March 2023 Euros	Year ended 31 March 2022 Euros
Financial assets	1,774,525	1,700,491
Financial liabilities	(85)	(85)
Net exposure asset	<u>1,774,440</u>	<u>1,700,406</u>

An increase of 5% in the Euro - GBP exchange rate would have the effect of the GBP amount by £89,380.

50. Investment in associate

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Saietta VNA (Private) Limited		
Investment held at cost	<u>267,784</u>	<u>-</u>

During the year, the company obtained a 49% investment in Saietta VNA (Private) Limited.

51. Other gains and losses

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Loss on other receivable	<u>600,000</u>	<u>-</u>

Saietta Group Plc entered into an agreement to guarantee the loan for the purchase of an aircraft, in return receiving preferential rates for the use thereof. The aircraft was sold in April 2023 and the deposit of £600,000 paid was not recoverable.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

52. Leases

In the capacity as lessee

The Company's leases are for offices and manufacturing space as well as the purchase of capital equipment used in the day to day operating activities of the business. For all property leases, the period rent is fixed over the lease term.

The Company also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

All current lease payments are fixed in nature and not subject to any clauses which allow these payments to vary under certain conditions.

The total cash outflow for leases during the year was comprised of the following:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Interest expense	170,755	18,609
Principal payments	<u>486,227</u>	<u>187,522</u>
	<u>656,982</u>	<u>206,131</u>

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Company.

At 31 March 2023 the carrying amounts of lease liabilities are reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease.

53. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share options reserve	Used to record the assessed fair value of equity-settled options issued as share based payment for services received by the consolidated entity.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

54. Share capital

Share capital and share premium

Allotted, issued and fully paid:			Year ended 31	Year ended 31	
Number:	Type:	Nominal value:	March 2023	March 2022	
			£	£	
102,917,675	Ordinary Shares	£0.0011	113,209	-	
85,051,953	Ordinary Shares	£0.0011	-	93,557	
			Share capital	Share premium	Total
			£	£	£
		Number of shares			
Balance at 1 April 2021		519,205,742	51,921	-	51,921
Consolidation of shares		(472,005,220)	-	-	-
Issue of shares		29,320,940	32,245	35,145,382	35,177,627
AIM listing costs offset against share premium		-	-	(2,868,972)	(2,868,972)
Shares issued on exercise of employee share options		5,530,491	6,091	58,165	64,256
Shares issued on conversion of convertible loan notes		3,000,000	3,300	2,336,700	2,340,000
Balance at 31 March 2022		85,051,953	93,557	34,671,275	34,764,832
Issue of shares		17,101,450	18,812	23,581,189	23,600,001
Share issue costs offset against share premium		-	-	(1,590,469)	(1,590,469)
Shares issued on exercise of employee share options		764,272	840	8,331	9,171
Balance at 31 March 2023		102,917,675	113,209	56,670,326	56,783,535

The cancellation of share premium was approved by shareholder resolution on 25 March 2021.

On 18 June 2021, the Company passed a resolution to consolidate its Ordinary share capital. Prior to the consolidation, there were 519,205,742 Ordinary shares with a nominal value of £0.0001 per share. In exchange for these share, existing shareholders were issued 47,200,522 Ordinary shares with a nominal value of £0.0011.

On 7 July 2021, the Company raised gross proceeds of £35,177,628 through the placing of 29,314,690 new Ordinary shares (the "Placing Shares") with new and existing investors at a price of £1.20 per Placing Share. An amount equal to the nominal value of the Placing Shares was credited to share capital, with the proceeds raised in excess of this nominal value being credited to share premium. The Placing Shares rank pari passu with the Company's existing ordinary shares.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

54. Share capital (continued)

On 7 July 2021, upon admission to the AIM market, 9,919,457 share options automatically vested pursuant to the terms of their issue. Of these shares, a total of 5,530,491 shares ("New Ordinary Shares") were exercised immediately by the option holders. Of these, 4,437,821 options were exercised by the option holders at a strike price of £0.012 resulting in the issue of 4,437,821 new Ordinary shares with a nominal value of £0.011p. As a result, £4,882 was credited to share capital and the amount received in excess of the nominal value, £48,372, was credited to share premium.

The remaining 1,092,670 options were exercised by the option holders at a strike price of £0.01 resulting in the issue of 1,092,670 new Ordinary shares with a nominal value of £0.011p. As a result, £1,202 was credited to share capital and the amount received in excess of the nominal value, £9,725, was credited to share premium.

The New Ordinary Shares rank *pari passu* with the Company's existing ordinary shares.

On 30 March 2022, 6,250 share options vested pursuant to the terms of their issue. These options were exercised by the option holders at a strike price of £0.012 resulting in the issue of 6,250 new Ordinary shares with a nominal value of £0.011p. As a result, £7 was credited to share capital and the amount received in excess of the nominal value, £68, was credited to share premium.

On 3 August 2022, the Company raised net proceeds of £22,316,001, after broker fees and other expenses of £1,284,000, through the placing of 17,101,450 new Ordinary Shares of £0.0011 each in the capital of the Company (the "Placing Shares") with new and existing investors at a price of £1.38 per share. An amount equal to the nominal value of the Placing Shares was credited to share capital, with the proceeds raised in excess of this nominal value being credited to share premium.

The Placing Shares rank *pari passu* with the Company's existing Ordinary shares.

During the period, 764,272 share options which had vested pursuant to the terms of their issue were exercised by option holders at a strike price of £0.012 resulting in the issue of 764,272 new Ordinary shares ("New Ordinary Shares") with a nominal value of £0.011p. As a result, £840 was credited to share capital and the amount received in excess of the nominal value, £8,331, was credited to share premium.

The New Ordinary Shares rank *pari passu* with the Company's existing ordinary shares.

55. Share-based payments

	Share option reserve £
Balance at 1 April 2021	7,318,820
Share based payments	4,899,171
Balance at 31 March 2022	<u>12,217,991</u>
Share based payments	2,397,620
Balance at 31 March 2023	<u><u>14,615,611</u></u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2023

55. Share-based payments (continued)

Common share options

Options have been granted to shareholders, directors and employees to purchase common shares. These options generally vest over a period of up to four years from grant date and are exercisable in the event of a listing.

Details of the common option plans are as follows:

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	#	£	#	£
Outstanding at beginning of year	6,233,273	0.012	10,826,072	0.010
Granted	3,000,000	0.012	8,577,394	
Lapsed	(30,000)	0.012	(616,370)	
Vested	<u>(3,277,030)</u>	0.012	<u>(12,553,823)</u>	
Outstanding at end of year	<u>5,926,243</u>	0.012	<u>6,233,273</u>	0.012

The fair value of each option granted was estimated on the grant date using the Black-Scholes, and where appropriate the Monte Carlo simulation option-pricing model with the following average assumptions:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Exercise price at grant date	£0.01	£0.01
Expected life (in years)	2	3
Risk-free interest rate	3.71%	0.58%
Expected volatility	85.00%	87.05%
Weighted average share price	152.99 pence	92.56 pence

The expected volatility is based on the historic volatility (based on the share price) of a comparator company with publicly available share prices.

The risk-free interest rate is based on the average return on 2 year UK Gilts.

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cost of options vesting in the year	<u>2,397,620</u>	<u>4,899,171</u>

In the year ended 31 March 2023 an amount of £61,676 (2022: £161,951), representing the charge for options related to employees whose costs are allocated to research and development and capitalised as internally generated development costs was included in additions to intangible assets, whilst the remainder of the cost of options vesting was charged to the profit and loss account. A further amount of £1,590,469 (2022: £330,886) was debited in respect of share issue costs offset against share premium.

The total cost of options vesting in the period has been classified as a movement in the share option reserve.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2023

56. Related party transactions

During the year the Company recharged the following costs to its subsidiaries:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Saietta Sunderland Plant Limited	1,394,430	-
Propel B.V.	3,640	10,765
Saietta Europe B.V.	201,462	6,082
	<u>1,599,532</u>	<u>16,847</u>

Amounts owed by the Company's subsidiaries are disclosed in note 47.

The Directors consider that no one party controls the Company.

57. Capital commitments

At 31 March 2023, the Company has capital commitments as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Contracted for but not provided in these financial statements		
Contracted amounts for the purchase of assets	1,094,320	1,100,000
Loan to associate	500,000	-
	<u>1,594,320</u>	<u>1,100,000</u>

Capital commitments comprises contracted amounts for the purchase of assets and a loan contract with associate.

The Company is committed to advancing a further £500,000 to its associate, Saietta VNA (Private) Limited, in August 2023. This amount is due at the earlier of available cash or 5 years (April 2028).

58. Events after the reporting date

On 3rd April 2023, the Company received an order for 3,000 eDrives from Ayro Inc. with a value of approximately £5 million.

On 17th April 2023, Mr Wicher Kist resigned as a director of Saietta Group Plc.

On 1st August 2023 the Company signed a suite of contracts to replace the Joint Commercialisation and Development Agreement ("JCDA") with Consolidated Metco Inc ("ConMet").

Under these new arrangements ConMet and its affiliates paid Saietta approximately €3.3 million comprised of:

o An upfront cash fee of approximately €2.7 million as consideration for the assignment of jointly developed intellectual property ("IP")

o A further sum of €0.6 million for an agreed list of machinery and equipment being transferred by Saietta

The parties also entered into a licence agreement under which Saietta has granted exclusive and non-exclusive licences over its existing IP in consideration for the payment of 2.5% of an agreed uplift to the product cost of future IWG and IWM sales incorporating Saietta's licensed IP, capped at €20 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

59. Related parties

<i>Trading transactions</i>	Year ended 31 March 2023 £	Year ended 31 March 2022 £
<i>Saietta VNA Private Limited</i>		
Revenue	<u>823,866</u>	<u>-</u>
 <i>Loans to related parties</i>		
 <i>Saietta VNA Private Limited</i>	 <u>500,000</u>	 <u>-</u>

The loan to associate Saietta VNA (Private) Limited is for up to £1,000,000 and can be repaid at any time with one month's notice. The term is until April 2028 and the interest rate is 7.5% starting to accrue in April 2024. A further £500,000 is drawn down in August 2023.

<i>Saietta Sunderland Plant Limited</i>	1,601,845	-
<i>Saietta Traction Holdings B.V.</i>	1,774,525	1,700,491
<i>Saietta Europe B.V.</i>	1,011,714	2,800,879
<i>Propel B.V.</i>	-	2,672,874

With the exception of the loan to Saietta Traction Holdings B.V. which earns interest at 0.5%, these loans are non-interest bearing.

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