

SAIETTA

ELECTRIC DRIVE

Saietta Group plc Admission Document



cg/Canaccord
Genuity

June 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong or Singapore. You are advised to exercise caution in relation to the Placing. If you are in any doubt about the contents of this document, you should obtain independent professional advice.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM at 8.00 a.m. on 7 July 2021.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names appear on page 10 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

Saietta Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 06744840)

**Placing of 29,314,690 new Ordinary Shares and of 1,935,310 Sale Shares at
120 pence per share**

and

Admission to trading on AIM

Nominated Adviser, Sole Broker and Sole Bookrunner



Share capital immediately following Admission

<i>Number</i>	<i>Issued and fully paid</i>	<i>Amount</i>
<i>85,045,703</i>	<i>Ordinary shares of £0.0011 each</i>	<i>£93,550.2733</i>

Canaccord Genuity Limited (“**Canaccord Genuity**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Canaccord Genuity or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Canaccord Genuity’s responsibilities as the Company’s nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by the FSMA or the regulatory regime established thereunder, Canaccord Genuity does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Canaccord

Genuity accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan, Singapore or Hong Kong, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been and will not be registered under the US Securities Act 1933, as amended nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa, Japan or Hong Kong. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan, Hong Kong, Singapore or to any resident of the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan, Singapore or Hong Kong except pursuant to any applicable exemptions. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Ordinary Shares, may not be circulated or distributed, nor may Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Ordinary Shares are subscribed for or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not a corporation that is an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge on the Company's website, <https://saiettagroup.com/>.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for or purchase any Placing Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Canaccord Genuity or any of their respective affiliates, officers, directors, partners, employees or agents. No representation or warranty, express or implied, is made by Canaccord Genuity, nor any of its directors, officers, agents or advisers, as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Canaccord Genuity or any of its directors, officers, agents or advisers, as to the past, present or future. No person has been authorised to give any information or make any representation other than those expressly contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company or Canaccord Genuity or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If there is any doubt about the contents of this document or the action which should be taken, prospective investors should immediately seek independent financial, investment, legal or tax advice from their stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if the investor is based in the United Kingdom, or, if the investor is based outside the United Kingdom, from an alternative appropriately authorised independent adviser.

Save for the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by the FSMA or the regulatory regime established thereunder, Canaccord Genuity does not accept any responsibility for any the contents of this document, including its accuracy, completeness, verification or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Canaccord Genuity accordingly disclaims all and any liability whether arising in tort, contract or otherwise in respect of or in connection with this document or any such statement.

Neither the Company, Canaccord Genuity, or any of their respective officers, directors, agents or advisers accepts any responsibility for the appropriateness, fairness, accuracy, completeness or reliability of any information reported by the press or other media, or any forecasts, views or opinions expressed by the press or other media or any other person regarding or in connection with the Placing or the Group.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation, by the Company or Canaccord Genuity or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section entitled "Risk Factors" in Part II of this document. It is noted that investing in and holding the Ordinary Shares involves financial risk and prospective investors should carefully consider whether such an investment is suitable for them taking into account the information contained in this document and their independent circumstances.

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA authorised or other appropriate advisers) of the Group and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Canaccord Genuity or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Canaccord Genuity, nor any of their respective directors, officers, agents or advisers.

None of the Company, the Directors or Canaccord Genuity or any of their respective representatives makes any representation to any subscriber or purchaser of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Canaccord Genuity and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by Canaccord Genuity or any of its affiliates acting as investors for their own accounts. Canaccord Genuity does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Canaccord Genuity and any of its affiliates may have engaged, and may in the future, from time to time, engage, in transactions with, and provided various investment banking, financial advisory or other services in the ordinary course of their business with the Group, for which they would have received, and may in the future receive, customary fees. As a result of these transactions, these parties may have interests which may not be aligned, or could possibly conflict, with the interests of investors.

Notice to prospective investors in the United Kingdom or European Economic Area

This document is being distributed to, and is directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments and are: (1) if in a member state of the European Economic Area ("**EEA**"), "qualified investors" as defined in Article 2(e) of the Prospectus Regulation (Regulation (EU 2017/1129) (the "**EU Prospectus Regulation**"); (2) if in the United Kingdom, "qualified investors" as defined in Article 2(e) of the EU Prospectus Regulation, which forms part of retained EU law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal) Act 2020 and who (a) fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") (investment professionals) or (b) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order and are "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000 ("**FSMA**") and (c) otherwise, to persons to whom it may otherwise be lawful to distribute it (all such persons together being referred to as "**Relevant Persons**"). The investment or investment activity to which this document relates is available only to such Relevant Persons. It is not intended that this document be distributed or passed on, directly or indirectly, in whole or in part, to any other person or class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the EEA (each a “**Member State**”), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or otherwise in accordance with the EU Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the EU Prospectus Regulation:

- (1) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such Member State; or
- (3) in any other circumstances falling within Article 4(2) of the EU Prospectus Regulation,

provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 2(e) of the EU Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the EU Prospectus Regulation.

Neither the Company or Canaccord Genuity has authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression “**an offer to the public**” in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares.

Other jurisdictions

The distribution of this document or any copy of it in certain jurisdictions may be restricted by law and such distribution could result in violation of the laws of such jurisdictions. In particular, neither this document nor any part or copy of it may be distributed, directly or indirectly, in or into the United States, Canada, New Zealand, Australia, Japan, the Republic of South Africa, Singapore or Hong Kong or in any other country, territory or possession where to do so may contravene local securities laws or regulations. Persons into whose possession this document comes are required to inform themselves about, and to observe, any restrictions and legal requirements of the relevant jurisdiction in relation to the distribution of this document and the Placing.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or purchase, Placing Shares to any person in the United States. The Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or under the applicable securities laws of any state or jurisdiction of the United States of America. Accordingly, the Placing Shares may not be taken up, offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and no public offer of the Placing Shares is being made in the United States. Furthermore, the Placing Shares have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing, nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document, and any representation to the contrary constitutes a criminal offence in the United States.

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Placing Shares, may not be circulated or distributed, nor may Placing Shares be offered or sold, or be made the subject of an invitation for subscription

or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Placing Shares are subscribed for or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not a corporation that is an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

The Placing Shares have not been, and will not be, registered or qualified for sale under the applicable securities laws of any of Canada, New Zealand, Australia, Japan, the Republic of South Africa or Hong Kong, or any other jurisdiction in which it is unlawful to register or sell such shares. Accordingly, none of the Placing Shares may be taken up, offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, within, to or from Canada, New Zealand, Australia, Japan, the Republic of South Africa and Hong Kong or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, such jurisdictions except pursuant to an applicable exemption.

Forward-looking statements

Certain statements in this document are or may constitute "forward-looking statements", including statements about current beliefs and expectations of the Directors. In particular, the words "envisage", "projects", "expect", "anticipate", "estimate", "may", "should", "plan", "intend", "will", "would", "could", "target", "believe" and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward-looking statements. Such forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group's financial and operational performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward-looking statements. Factors which might cause such differences include, but are not limited to the risk factors set out in Part II of this document, and prospective investors are strongly recommended to read these risk factors.

Any forward-looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board's expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will

continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

Unless otherwise indicated, financial information in this document, including the Group's historical financial information for the three years ended 31 March 2021 has been prepared in accordance with UK adopted International Accounting Standards ("**IAS**") save for the requirement of IFRS 3 that a balance sheet as at the date of transition is presented and this is therefore a departure from the requirements of IFRS.

The Group has historically reported under UK Generally Accepted Accounting Practice ("**UK GAAP**"). An explanation of the changes to the Group's financial information on transition from UK GAAP is presented in note 28 of Section B of Part III of this document.

Rounding

The financial, statistical and operational information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In the document, references to "sterling", "£", "penny", "pence" and "p" are to the lawful currency of the United Kingdom, references to "€" and "euros" are to the lawful currency of certain of the countries within the European Union and references to "US dollars", "\$", "dollars" and "cents" are references to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute management estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources. All third-party information set out in this document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Company and the Directors accept no responsibility for its accuracy or completeness.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

Notice to distributors

Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("**UK MiFID II**"); and (b) the UK's implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (a) compatible with an end target market of (i) retail investors; (ii) and (b) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: (a) the price of the Placing Shares may decline and investors could lose all or part of their investment; (b) the Placing Shares offer no guaranteed income and no capital protection; and (c) an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Canaccord Genuity will only procure investors (pursuant to the Placing) who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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DIRECTORS, SECRETARY AND ADVISERS

Existing Directors	Wicher (<u>Vic</u>) Klaas Kist (<i>Chief Executive Officer</i>) Steven Harrison (<i>Finance Director</i>) Emmanuel Clair (<i>Non-Executive Director</i>) Paul Preece (<i>Chief Financial Officer</i>) (<i>retiring at Admission</i>) John Michael Winn (<i>Non-Executive Director</i>) (<i>retiring at Admission</i>) All of whose business address is at the Company's registered and head office
Proposed Directors	Anthony (<u>Tony</u>) Gott (<i>Independent Non-Executive Chairman</i>) David Wilkinson (<i>Senior Independent Non-Executive Director</i>) All of whose business address is at the Company's registered and head office
Registered and Head Office	Building 210 Heyford Park Camp Road Upper Heyford Oxfordshire OX25 5HE
Group website	https://saiettagroup.com/
Company Secretary	Fieldfisher Secretaries Limited Riverbank House 2 Swan Lane London EC4R 3TT
Nominated Adviser, Sole Broker and Sole Bookrunner	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Legal advisers to the Company	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Patent attorneys to the Company	Reddie & Grose LLP The White Chapel Building 10 Whitechapel High Street London E1 8QS
Legal advisers to Canaccord Genuity	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Auditor and reporting accountant	BDO LLP 55 Baker Street London W1U 7EU
Financial public relations advisers	FTI Consulting LLP 200 Aldersgate London EC1A 4HD

**Corporate adviser to the
Company**

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Registrars

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GU9 7DR

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“2020 BNEF Report”	the 2020 fifth annual report compiled by BNEF
“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the issued and to be issued Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AFT”	the core axial flux electric motor technology designed by Saietta
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
“Amati”	Amati AIM VCT plc, a company registered in England and Wales (company number 04138683) having its registered office at 27-28 Eastcastle Street, London W1W 8DH
“Articles”	the articles of association of the Company
“BNEF”	Bloomberg New Energy Finance
“Board” or “Directors”	the directors and proposed directors of the Company, whose names are set out on page 10 of this document
“CAGR”	compounded annual growth rate
“Canaccord Genuity”	Canaccord Genuity Limited, the Company’s nominated adviser, sole broker and sole bookrunner
“City Code”	the City Code on Takeovers and Mergers published by the Panel from time to time
“CLTIP”	the Company’s long term incentive plan for advisers, consultants and other non-employees of the Company, adopted by the Company prior to Admission, details of which are set out in paragraph 12.2 of Part VI of this document.
“Commercial Collaboration Agreement”	the commercial collaboration agreement entered into between Padmini and the Company dated 3 May 2021, details of which are set out in paragraph 13.10 of Part VI of this document
“Company” or “Saietta”	Saietta Group plc, a public limited company incorporated under the laws of England and Wales (company number 06744840) having its registered office at Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire OX25 5HE
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“DTRs”	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
“EIS”	the enterprise investment scheme, as particularised in Part VI of the EIS Legislation
“EIS Legislation”	the Income Tax Act 2007
“EIS Relief”	relief from UK tax under EIS

“EIS/VCT Placing”	the conditional placing of the EIS/VCT Placing Shares by Canaccord Genuity at the Placing Price pursuant to the Placing Agreement
“EIS/VCT Placing Shares”	the 5,833,333 new Ordinary Shares to be issued and allotted to VCTs and certain other persons seeking to invest in “eligible shares” for the purposes of EIS
“EMI Options”	enterprise management incentive options, qualifying under the EMI code pursuant to section 527 of the Income Tax (Earnings and Pensions) Act 2003
“EMI Plan”	the Company’s Enterprise Management Incentive Plan adopted on 19 December 2013
“Enlarged Share Capital”	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“Executive Directors”	the executive directors of the Company as at the date of Admission, namely Wicher Klaas Kist and Steven Harrison
“Existing Ordinary Shares”	the 47,200,522 Ordinary Shares in issue on the date of this document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Placing”	the conditional placing of the Non-Eligible Placing Shares and the Sale Shares by Canaccord Genuity at the Placing Price pursuant to the Placing Agreement
“Group”	the Company and its subsidiary undertakings and “ Group Company ” should be interpreted accordingly
“Historical Financial Information”	the audited historical financial information of the Group for the three years ended 31 March 2021, as set out in Section B of Part III of this document
“HMRC”	Her Majesty’s Revenue and Customs
“IAS”	UK adopted International Accounting Standards
“Loan Note Instrument”	the convertible loan note instrument dated 22 March 2021 executed by the Company by way of deed poll, details of which are set out in paragraph 13.8 of Part VI of this document
“Loan Notes”	the 8% convertible redeemable loan notes 2026 constituted pursuant to the Loan Note Instrument
“Lock-in Deeds”	the lock-in deeds between the Company, Canaccord Genuity and each of the Locked-in Shareholders, summary details of which are set out in paragraph 13.2 of Part VI of this document
“Locked-in Shareholders”	the Substantial Locked-in Shareholders and the Minority Locked-in Shareholders who on Admission will collectively hold 55,882,237 Ordinary Shares, representing 65.7% of the Enlarged Share Capital
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the Company’s long term incentive plan for employees of the Company, adopted by the Company prior to Admission, details of which are set out in paragraph 12.2 of Part VI of this document

“Minority Locked-in Shareholders”	Shareholders who on Admission will collectively hold 13,205,077 Ordinary Shares, representing 15.5% of the Enlarged Share Capital
“New Shares”	the Placing Shares, the Ordinary Shares to be issued on the exercise of Options and the Ordinary Shares to be issued on the conversion of the Loan Notes
“Non-Eligible Placing Shares”	the 23,481,357 new Ordinary Shares proposed to be issued by the Group to Placees pursuant to the General Placing
“Non-Executive Directors”	the non-executive directors of the Company as at the date of Admission, namely David Wilkinson, Anthony Gott and Emmanuel Clair
“Official List”	the Official List of the FCA
“Options”	options to subscribe for Ordinary Shares outstanding at the date of this document and granted pursuant to the EMI Plan, the LTIP, the CLTIP and certain unapproved option agreements
“Ordinary Shares”	ordinary shares of £0.0011 each in the capital of the Company
“Padmini”	Padmini VNA Mechatronics Private Limited, a company registered in India (company registration no. U34300DL2005PTC-139495) whose registered office is at 5, Padmini Enclave, Hauz Khas, New Delhi, India 110016
“Panel”	the Panel on Takeovers and Mergers
“Patent Report”	the report prepared by Reddie & Grose, a copy of which is reproduced in Part IV of this document
“Placees”	investors who have irrevocably undertaken to subscribe for Placing Shares or purchase Sale Shares pursuant to the Placing
“Placing”	the EIS/VCT Placing and the General Placing
“Placing Agreement”	the conditional agreement dated 30 June 2021 and made between the Company, Canaccord Genuity, the Directors and the Selling Shareholders relating to the Placing, further details of which are set out in paragraph 13.1 of Part VI of this document
“Placing Price”	120 pence per Placing Share and Sale Share
“Placing Shares”	together, the EIS/VCT Placing Shares and the Non-Eligible Placing Shares
“Prospectus Regulation”	Prospectus Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended
“QCA Code”	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
“Reddie & Grose”	Reddie & Grose LLP, patent attorneys to the Company
“Regulatory Information Service”	has the meaning given to it in the AIM Rules for Companies
“Sale Shares”	the 1,935,310 Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing
“Selling Shareholders”	those Shareholders selling Sale Shares pursuant to the Placing, as set out in paragraph 20 of Part VI of this document
“Shareholder”	a holder of Ordinary Shares

“Substantial Locked-in Shareholders”	the Directors (except Anthony Gott) and certain other Shareholders who on Admission will collectively hold 42,677,160 Ordinary Shares, representing 50.2% of the Enlarged Share Capital
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK MAR”	the UK Market Abuse Regulation, which is the retained UK law version of the EU Market Abuse Regulation (596/2014) which has applied in the UK since the end of the Brexit transition period
“uncertificated” or “in uncertificated form”	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“VCT”	venture capital trusts
“VCT Legislation”	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
“VCT Relief”	relief from UK tax under the VCT Legislation

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

“AC”	alternating current
“AFT 110”	Saietta’s AFT 110 electric motor
“AFT 140”	Saietta’s AFT 140 electric motor
“APC”	Advanced Propulsion Centre
“ATV”	all-terrain vehicles
“BOM”	bill of materials
“CAE”	computer-aided engineering
“continuous power”	motor output shaft power sustainable for more than 30 minutes
“continuous torque”	motor output shaft torque sustainable for more than 30 minutes
“DC”	direct current
“e-Drive”	the components and systems which convert electricity and power in the drive system of an electric vehicle
“e-motorbikes”	electric motorbikes
“EVO”	electric vehicle outlook
“EV”	electric vehicle
“hot swappable battery”	interchangeable battery pack (removable from vehicle for charging)
“hp”	horsepower (power unit)
“ICE”	internal combustion engine
“IPM”	interior permanent magnet
“kW”	kilowatt (power unit)
“kWh”	kilowatt hour (energy unit)
“L Category vehicles”	European Commission vehicle category comprising mopeds and motorbikes, as well as all-terrain vehicles (quads) and other small vehicles with 3 or 4 wheels
“Nm”	newton-metre (torque unit)
“NVH”	noise, vibration and harshness
“OEM”	original equipment manufacturer
“PDP”	product development process
“peak efficiency”	highest ratio of output power to input power (often expressed as a percentage)
“peak power”	highest motor output shaft power (for short duration)
“peak torque”	highest motor output shaft torque (for short duration)
“reduction gearing”	reduction in motor shaft speed, with corresponding increase in torque
“RPM”	revolutions per minute
“SMC”	soft magnetic composite (compacted material comprising ferromagnetic powder particles ideally coated with a uniform layer of electrical insulating film)
“torque”	rotational “force”, e.g. measured in newton-metre (Nm)

“torque density”

shaft output torque divided by motor mass

“urban duty cycle”

a specified pattern of vehicle speed versus time that is representative of driving within a typical city (urban) environment

“V”

volt (electric potential unit)

PLACING STATISTICS

Placing Price	120 pence
Number of Existing Ordinary Shares	47,200,522
Number of EIS/VCT Placing Shares to be issued by the Company pursuant to the Placing	5,833,333
Number of Non-Eligible Placing Shares to be issued by the Company pursuant to the Placing	23,481,357
Total number of Placing Shares being issued by the Company pursuant to the Placing	29,314,690
Number of Ordinary Shares being issued following the exercise of Options	5,530,491
Number of Ordinary Shares being issued following the conversion of the Loan Notes	3,000,000
Number of New Shares	37,845,181
Number of Sale Shares being sold in the Placing	1,935,310
Number of Ordinary Shares in issue immediately following Admission	85,045,703
Percentage of Enlarged Share Capital represented by the Placing Shares	34.5%
Percentage of Enlarged Share Capital represented by the Sale Shares	2.3%
Percentage of Enlarged Share Capital represented by the New Shares	44.5%
Market capitalisation of the Company at the Placing Price on Admission	£102.1 million
Number of Ordinary Shares subject to unexercised Options at Admission*	7,037,865
Fully diluted share capital immediately following Admission**	92,083,568
Total proceeds of the Placing	£37.5 million
Estimated net proceeds of the Placing receivable by the Company	£31.9 million
Estimated net proceeds of the Placing receivable by the Selling Shareholders	£2.2 million
ISIN number	GB00BNDM6X87
SEDOL number	BNDM6X8
AIM TIDM	SED
LEI number	2138000OUP LXQIFOO462

* Not including Ordinary Shares subject to the LTIP

** Not including Ordinary Shares subject to the LTIP

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2021¹
Publication of this document	30 June
Issue of EIS/VCT Placing Shares	6 July
CREST accounts credited in respect of the EIS/VCT Placing Shares	as soon as reasonably practicable on the morning of 6 July
Issue of Non-Eligible Placing Shares	7 July
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 7 July
CREST accounts in respect of the Non-Eligible Placing Shares credited by	as soon as reasonably practicable on the morning of 7 July
Despatch of definitive share certificates, where applicable	within 10 business days of Admission

Notes:

1. Each of the below dates is subject to change at the absolute discretion of the Company and Canaccord Genuity

PART I

INFORMATION ON THE GROUP

1. Overview

Introduction

Saietta is a UK company 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.

Saietta's 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. Currently driven by Asian demographics, the global motorbike market is forecast to significantly exceed passenger car sales, with 97.5 million two-wheel vehicles expected to be sold globally per annum from 2030, with approximately 40% of these vehicles forecast to be electric. It is the Group's ambition to capture a material proportion of this growing market within five years from Admission.

After several years of research and development, Saietta's patent pending axial flux AFT motors are targeted at solving the efficiency paradox of EV motors – in that high efficiency motors are expensive and less expensive lower efficiency motors therefore require more batteries (which increases a vehicle's expense) to deliver an equivalent range. The AFT motors are pancake shaped and modular in design. They are able to provide high and low voltage solutions that in different configurations can power a wide variety of applications ranging from scooters, motorbikes, in-wheel solutions, marine engines, passenger cars and commercial vehicles. Saietta's initial focus will be within the 'L Category' vehicle market, which includes mopeds, motorbikes, and small three and four wheeled vehicles such as tuk tuks, ATVs, urban smart mobility platforms and last-mile delivery vehicles.

Axial flux motor technology (or topologies) have been endorsed by a number of academics as a suitable propulsion topology for a broad range of EVs. Importantly, the natural advantages of AFT motors are most critical in small and lightweight vehicles where weight and battery space is at a premium. The historical impediment to axial flux motor mass market adoption has typically been the high complexity and, as a consequence, the high cost of manufacture.

Saietta was founded in 2008 as an e-motorbike manufacturer and the business evolved in 2017 after a global need for high efficiency mass market electric vehicle drive-train solutions was identified. The Group also provides end-to-end engineering services for electric motor technology to OEMs, ranging from product definition, through to Computer-Aided Engineering (CAE) & simulation, e-motor electrical & mechanical integration, prototype build vehicle testing on test tracks and low volume production and production process definition. The Group is headquartered in Oxfordshire, UK, with 28 employees as at 31 March 2021.

The AFT 140 is Saietta's first AFT branded motor variant and is currently in low volume production. It is optimised for mid-power motorbikes (equivalent to 125-165 cc ICE motorbikes) and last-mile delivery vehicles. The Directors believe the AFT 140 motor is designed to provide class-leading performance for its target market, with high torque density at low voltage and high efficiency for typical start-stop journeys within urban areas. The AFT 140's excellent heat rejection also provides an advantage for use in hot climates. In addition, the AFT 140 has been designed to be produced from non-exotic raw materials and through a highly automated volume production process, resulting in it expecting to be a highly cost-efficient solution, which the Directors believe will appeal for mass market production.

In the twelve months ended 31 March 2021, the Group generated revenue of £870,966, representing 440% growth on FY20. This resulted in a gross profit of £680,930 and a loss before interest and tax of £7.3 million, reflecting the Group is at the early commercialisation of its AFT motor technology.

The Directors believe that Admission to AIM is an important step in the Company's continuing development and will accelerate its commercial progression to mass market production of its AFT motor technology. In particular, the Placing and Admission will provide the Company with capital to execute the Board's growth plans, including establishing a motor durability testing facility and

contribute to a pilot production facility, which is expected to expand the Company's UK based production capacity to 100,000 units per annum within three years from Admission. In addition to strengthening the Group's balance sheet, the Directors believe that being a publicly listed business will enhance the Group's position with main suppliers and provide the Group with greater ability to incentivise and retain key employees going forward. The Placing of the Sale Shares will also provide for tax liabilities of the Selling Shareholders to be met and allow certain other Selling Shareholders to reduce their holding. In turn the management team post Admission will continue to maintain a material interest in the Group through a direct shareholding or through potential LTIP awards for achieving certain future performance criteria. Further details of the Placing is set out in paragraph 15 of this Part I.

2. Key Strengths

The Directors believe the success of Saietta and the expectations for its future growth, are founded on the following key strengths:

A potentially disruptive and patent pending design

Saietta has developed a potentially disruptive and patent pending design of axial flux motor (uniquely containing a yokeless stator with distributed winding) branded as Saietta Axial Flux Technology (AFT). The AFT design has the ability to deliver the performance of an axial flux topology motor in a simple and low-cost package.

Saietta's AFT motors have been designed from the ground up to be compatible with modern automated manufacturing techniques and to be highly efficient in terms of the quantity and nature of the materials required. Furthermore, Saietta has been active in seeking to protect its technology designs with a suite of robust global intellectual property and patent applications. Further details of Saietta's AFT motor technology can be found in paragraph 6.1 of this Part I.

A highly flexible and modular design

The Company's AFT motors have been designed to be highly flexible, with variants of the same sized motor able to be tailored to power a wide range of electric vehicles across a broad range of power bands. Saietta is also able to stack its AFT motors side by side to create very high-powered solutions for heavy commercial vehicles and/or high performance cars.

In addition, Saietta's AFT motors can supply different (both high and low) voltages and current requirements, resulting in the motor being able to power an even broader range of vehicles whilst also being electric power source agnostic. This means Saietta's AFT motors can not only power a large range of electric road vehicles, but its AFT topology can be used for other applications such as marine motors, solar powered water pumps and wind turbines.

A motor that is designed to unlock the technical and economic impediments to mass market electrification

Saietta's AFT motor is designed to deliver the key features of the best high-cost, high-performance electric drivetrain motor variants and puts them in a unique, cost-effective architecture, that is compact, powerful, delivers high torque, is climate-proof, is liquid cooled, designed for mass market manufacturing and delivers high levels of efficiency, requiring smaller less expensive batteries and fewer transmission components. This includes:

- ***High torque at low speed***

Saietta's AFT motors deliver high torque, which means they can be used in low-ratio transmissions, a simplified transmission or even for direct drive (i.e. without the need for a transmission). This saves manufacturing cost, weight and production time for the vehicle OEM in addition to also providing enhanced energy efficiency and range, vitally important for electric vehicles.

- ***High efficiency***

Independent testing has validated that Saietta's AFT 140 motors are able to achieve approximately 92% peak system efficiency (motor and controller combined). Saietta's AFT motors are also particularly efficient on urban duty cycles and thus can deliver an improved range compared to the Group's competitors, on a single charge or the same range using a

smaller battery. The Directors believe that being able to reduce power unit size, weight and cost is an important focus for automotive OEMs and by achieving that, the Company will further support and accelerate the mass market adoption of electric vehicles.

- ***High continuous power & torque at low voltage***

Saietta's AFT motors are compact and lightweight for their torque output, at up to 8 Nm/kg for the AFT 140. This compares very favourably with both radial flux and axial flux competitor EV motors in the 48 volt L-category vehicle segment. In addition, Saietta's AFT motors can provide relatively high power on low voltage, resulting in electrical systems being used throughout the vehicles which are safer for after sales servicing, especially when carried out by mechanics who are not trained in high voltage, which is often the case in Asia.

- ***Low maintenance & liquid cooled***

Saietta's AFT motor is fully sealed from the environment and brushless leading to robust reliability without regular maintenance requirements. Saietta's AFT motors are also liquid cooled, which is highly advantageous in warm tropical and sub-tropical geographies, where a large part of the target two wheel e-motorbike market operates and where the Company plans to initially focus. In addition, Saietta's AFT motor delivers a liquid-cooled solution for lower power vehicles on a cost-effective basis, which few other competitors are able to currently do.

Focused on the right market, with a significant and fast-growing total addressable market

Saietta has focused its initial AFT design on the e-motorbike market, which the Directors believe has the largest volume demands for efficient, low cost EV motors, such as those with axial flux topology. The 2020 BNEF Report forecasts that global sales of motorbikes are expected to almost double from 56 million units in 2020 to 97.5 million units in 2030, outstripping global car sales (expected to be 93 million units in 2030), with 40% of the global motorbike market also expected to be electric by 2030. This equates to approximately 39 million e-motorbikes sold per year. The Directors believe this market inversion from four-wheelers to two-wheelers will be driven by the transport needs of burgeoning high density urban populations in warm climates, where cars are impracticable and unaffordable to many and where the effects of ICE pollution is a major concern. Entry into this market requires transport solutions which are affordable to most, reliable in hot climates, powerful enough to carry several hundred kilograms of people or cargo and efficient enough to travel several hours a day, in addition to being ideally operable on a replaceable battery pack. Saietta's AFT motor has been designed specifically to address these complex requirements, so as to be able to best service this high-volume low-cost market.

Ease of manufacturing and cost-effective

Saietta's AFT motors have been designed from the ground up to be compatible with modern automated manufacturing techniques and to be highly efficient in terms of the quantity and nature of the materials required. For example, the Directors believe that Saietta's stator housing (containing the copper windings and packs of laminations) is unique to the Group and the simplicity of manufacturing this part by extrusion means that it can be produced at low cost. In addition, the copper wire used in Saietta's AFT motor is a standard grade and size, which is readily available globally. Additionally, the magnets are attached to each rotor as solid blocks of pre-magnetised material, rather than being segmented (laminated) – which is more time consuming to produce and thus expensive. Furthermore, the patent pending design is tailored for high levels of automation which not only permits high production volumes at significantly reduced costs, but also improves the quality and consistency of the finished product.

Competitive advantage

The global automotive manufacturing industry, which in 2017 consisted of an estimated 74,000 enterprises and generated over \$2 trillion of revenue in 2019, is experiencing important changes in the transition from ICE to EV. The Board believes that these changes provide material opportunities for new entrants and that there are currently no direct competitors to Saietta's AFT 110 or 140 motors for its target market, with no other motor having the same unique combination of attributes allowing for low-cost manufacturing with comparable performance attributes. The suitability of the AFT 110 and 140 for low-cost high-volume manufacturing is only made possible by its unique and patent pending design.

Physical location

Saietta is a UK based automotive technology business located in Oxfordshire. Its geographical positioning is key in giving it access to a wide pool of talent from Jaguar Land Rover, Aston Martin, McLaren, LEVC, BMW/Mini, three Formula One teams and the Midlands supply chain. In addition, there is proximity to the universities in Oxford and Warwick, which offer a range of engineering and automotive courses. Saietta's establishment on a former military airfield allows it access to onsite test track facilities as well as plentiful room for low-cost expansion and the construction of its factory and test centre.

Collaborative approach

Saietta has a flexible, collaborative approach to all its customer requirements and is able to modify and adapt its technology to fit into the precise requirements of its customers engineering and manufacturing programmes. Saietta's service offering includes not just motor design but also full integration into a vehicle platform, vehicle efficiency testing and assistance with developing outsourced manufacturing processes of motors at a customer's own locations.

Routes into South and South East Asian markets

Saietta has a Commercial Collaboration Agreement with Padmini, which importantly gives the Company a manufacturing and distribution partner inside India. Padmini is a specialist manufacturer of automotive parts and has supplied to Honda, Toyota, Yamaha, BMW, VW and Mercedes, amongst others. The Board believes that the capability and market presence of Padmini will help to fast track Saietta's AFT motors into the 20 million unit (per annum) Indian motorbike market. In addition, through its Hong Kong presence, Saietta is preparing to capitalise on its multiple discussions with a number of Chinese OEMs by offering a China domestic regional licence for tender during 2021.

Backed by UK Government research contracts

Saietta has received eleven grants from the UK government to date, including awards by the Niche Vehicle Network, Innovate UK and also the Advanced Propulsion Centre, which is an organisation investing over £1 billion over ten years, with a goal to make the UK a centre of excellence for the research, development and production of low carbon propulsion technology. The grant funding by the Advanced Propulsion Centre has followed technical due diligence on Saietta's motor technology.

Highly experienced and ambitious technical and leadership teams

Saietta has a highly experienced and ambitious leadership team, with a proven track record in automotive engineering. Both the Board and the senior management team include leadership and technical expertise with successful track records in the commercialisation of innovative design and the effective implementation of capital-intensive change.

A clear and well defined growth strategy, with a focus on rapidly scaling production capacity

Saietta has key vertical business lines which are complementary:

- Engineering design services enable the Company to generate income from customers in the evaluation and tailoring of its AFT designs to meet specific customer needs and applications.
- Saietta's current UK based pilot production facility can initially accommodate up to 6,000 units per year in the FY23 financial period. The Company's proposed new production facility will enable this to be scaled up to a target of 100,000 units per year on an annualised basis, within three years from Admission. This UK production capacity is expected to be globally competitive on price. However, its purpose will be to supply European based and small batch demand while major customers in Asia establish their own manufacturing capacity. Retaining an onsite manufacturing capacity will also be crucial in ensuring Saietta maintains its product skill and knowledge from concept to production.
- In addition to product design and motor manufacturing, Saietta will provide overseas partners with assistance in the building of their own manufacturing facilities and processes.

- Saietta intends to construct a state-of-the-art e-motor test and certification centre inside the hardened aircraft shelter at Heyford Park. This will add much needed capacity to its current UK test facilities which are already running at capacity and will enable Saietta to derive further revenues from its customers.
- Under agreements for technology licensing and manufacturing joint ventures, selected third party organisations will manufacture Saietta AFT products overseas. The revenues from such activities will range from royalty fees to profit share arrangements.

3. History and Background

The Group was founded in 2008 by Lawrence Marazzi under the name Agility Racing Limited, with the aim of becoming a manufacturer of electric motorbikes (aka e-motorbikes). In 2011, it changed its name to Agility Global Limited and on 6 June 2015, changed its name to Saietta Group Limited.

Under the Agility Racing Limited and Agility Global Limited names, the Group developed and marketed a number of prototype variants of a high-powered e-motorbike under the brand name “Saietta” – a word meaning “thunderbolt” in the Apennine Mountains Italian dialect.



Saietta R
e-motorbike



Saietta R & Next Generation Saietta (NGS)
e-motorbike

In 2015, the Company relocated from central London to its current headquarters in Oxfordshire which provided expanded facilities for design, testing and development, on a former military airfield, with test track availability.

From 2015 to 2017, the Company pivoted its focus away from developing e-motorbikes and worked with a third-party electric motor manufacturer company. At this point, Saietta was focused on developing and producing generic DC axial flux motors for a range of potential applications, such as race tuned e-motorbikes, special one-off projects and light commercial vehicles for the South Asian market. Whilst performance of the motors was impressive, there was limited commercial success.

In 2017, Mr. Wicher Kist (now Chief Executive Officer) and Dr. Christopher Lines (now Head of Research & Development) joined Saietta. They noted the impressive performance attributes of the axial flux motors Saietta was working on at the time. However, they believed that such products were not relevant to modern commercial applications. The management team in place at that time also identified that liquid cooled AC axial flux motors were what the modern automotive market really required.

From 2017 onwards, the Company set itself the goal of designing a revolutionary new approach to the liquid cooled axial flux motor, which would be capable of low-cost, mass market production as well as having the required superior performance attributes of more expensive competitors. This specific aim was shaped by the management team’s assessment of where the medium to long term demand for axial flux motors was likely to be – in high density, urban communities in emerging markets.

From 2017 to 2020, the Group focussed on the design, engineering, building, testing and optimisation of an all new breed of electric motor technology that could serve the L Category vehicle segment. During this time, the Group was financed by a combination of private funding and grants which included grants from the Advanced Propulsion Centre, Niche Vehicle Network and Innovate UK, with the technology designs developed and the corresponding intellectual property registrations filed. The Group’s first working prototypes were developed into a low volume production model (known as the AFT 140) and limited sales began.

By the end of 2020, Saietta secured its first major commercial contracts from clients around the world across multiple electric vehicle sectors (further details of which are provided at section 7.1 below).

In early 2021, Saietta secured a key institutional cornerstone investor in Amati together with investment from several others, raising funding of £3.4 million. To date, the Group has been awarded eleven grants or awards, representing an aggregate value of approximately £4.5 million. In aggregate, the Group has received over £18 million of investment to date.

4. Market Overview

4.1 Electrification of motor vehicles

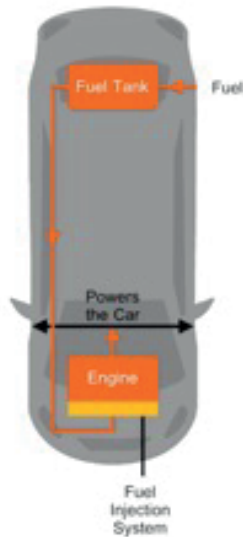
There has been a well-publicised growth in the availability of partial or all-electric vehicles as an alternative to cars powered purely by ICE over the last approximately 20 years. This transition has, in part, been driven by legislative measures introduced by multiple governments globally, to address chronic air pollution and global warming, in addition to being driven by consumers wanting a cleaner transport alternative. Traditional petrol (or ICE) cars contribute roughly 20% of the polluting emissions annually. Toyota was one of the first global automotive OEMs to offer a mass market alternative to pure ICE vehicles, in the form of the hybrid ICE and electric Toyota Prius which was initially launched in Japan in 1997 and gained further global market traction throughout the 2000s.

Since then, automotive OEMs have made further progress towards producing hybrid and all-electric vehicles. The table below outlines some of the key differences between conventional ICE vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and all-electric vehicles.

Types of Electric Vehicle

CONVENTIONAL VEHICLE

Use internal combustion engines. Fuel is injected into the engine, mixing with air before being ignited.



Consumption: Fuels

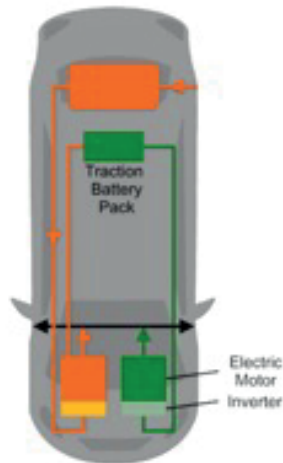
Driven by: Engines

Advantages: Easy to refuel, long driving range

Disadvantages: More emissions, high cost of fuel

HYBRID ELECTRIC VEHICLE

Powered by both engine and electric motor. The battery is charged internally by the engine.



Consumption: Fuels

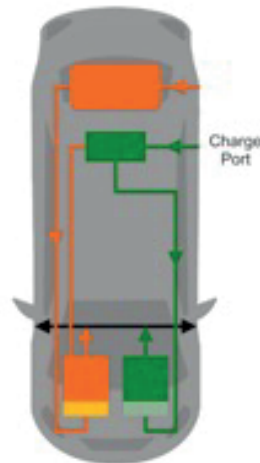
Driven by: Engines primarily, motors secondarily

Advantages: Easy to refuel, lower fuel consumption, lower emissions

Disadvantages: Lower power, heavier weight

PLUG-IN HYBRID ELECTRIC VEHICLE

Battery can be charged both internally, and externally from a power socket. Run on electric power before using the engine.



Consumption: Fuels and electricity

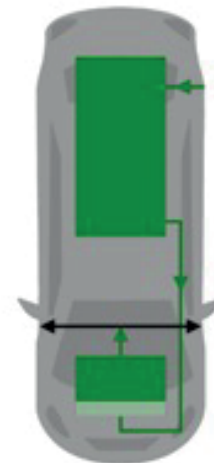
Driven by: Motors primarily, engines secondarily

Advantages: Easy to refuel, lower fuel consumption, lower emissions

Disadvantages: High price, limited models to choose from, heavier weight

ALL ELECTRIC VEHICLE

Powered by electric motors with no engine. Use large traction batteries and are charged externally at charging stations.



Consumption: Electricity

Driven by: Motors

Advantages: Environmentally friendly, low maintenance, government support









Disadvantages: Lack of charging stations

Source: Produced by Saietta

4.2 The all-electric vehicle category

The Directors believe the accelerating trend towards mass market all-electric vehicles is well underway. Given the broad range of vehicles that are available or are under development, which come in a range of applications (two wheeler, three wheeler, last mile delivery, passenger vehicle, super-car and hyper-car), sizes, weights and specifications, this requires different outputs and characteristics from the electric motor.

Because of this, Saietta categorises the all-electric motor market as follows:

Motor	Example Application	Battery Voltage	Peak Power & Torque
AFT 110	Low Power Motorbike / Scooter 	48 V	10 kW / 40 Nm
AFT 110	6-15 hp Marine Outboard 	48 V	10 kW / 40 Nm
AFT 140	Mid Power Motorbike / 3-Wheeler 	48 V	20 kW / 140 Nm
AFT 140	20-25 hp Marine Outboard 	48 V	20 kW / 140 Nm
AFT 140	Last-Mile Delivery / Pod 	96 V	45 kW / 140 Nm
AFT TBC	Passenger Vehicle 	360 V	80 kW / 180 Nm
AFT 190	Hypercar (Dual Motor) 	700 V	400 kW / 680 Nm
AFT TBS	Wind Turbine / Solar Pump 		To be specified

- Saietta motors in low volume production
- Saietta motors under development
- Future potential for Saietta motors

4.3 Market size and key trends

The 2020 BNEF Report details a clear trajectory towards vehicle electrification. Some of the key findings of the report are summarised below:

- By 2025, EVs are forecast to represent approximately 10% of global passenger vehicle sales, rising to approximately 28% in 2030 and approximately 58% in 2040.
- Passenger vehicle sales are expected to peak in 2036 and never exceed 100 million units per year. The motorisation rate (i.e. the number of passenger cars) is still expected to rise steadily in India and other emerging markets, but this rise is not expected to be enough to offset the demographic-driven sales declines in mature automotive markets or offset the trends of more urbanisation and more shared mobility.
- Two and three-wheeled vehicles (scooters, mopeds, motorbikes, rickshaws) and municipal buses are already going electric and this trend is anticipated to accelerate in the next five years, spreading beyond China. Delivery vans and ride-hailing vehicles are the next segments which are expected to be electrified. Approximately 30% of global two and three-wheeler sales and approximately 20% of the total amount of vehicles still in service on the road are already believed to be electric. Supportive policies, rising manufacturer interest and rapidly improving economics will soon be expected to push the market penetration of the electrification of the two and three-wheeler market significantly higher. There are already 900 million two wheeled vehicles on the road and in 2030, approximately 40% of all new global two-wheeler annual sales will be expected to be electric.

4.4 Saietta’s market focus

The Directors believe that Saietta’s AFT motor technology is ideally suited for multiple applications from 5 kW continuous power and above, given its flexibility and scalability of design. The Group’s initial market focus is on the L Category vehicle market sector which includes scooters, motorbikes, tuk tuks and last-mile delivery vehicles. The Directors believe the performance and cost required from traction motors for electric L Category vehicles is not well served by the current electric motor providers and that Saietta’s innovative AFT topology should have a clear competitive advantage.

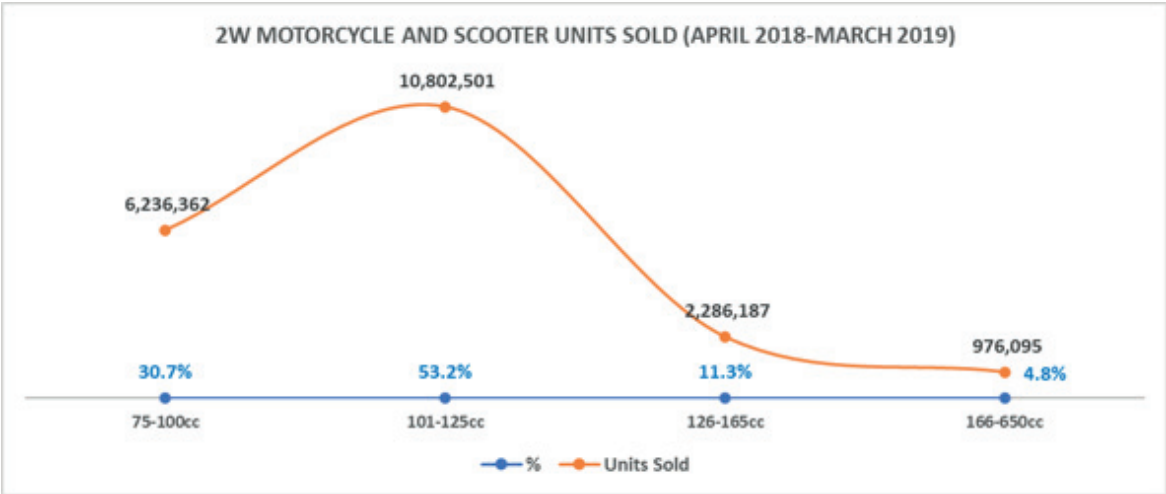
In addition, the Directors believe initially focusing on the two-wheeler market provides a number of significant opportunities. This sector is forecast by BNEF to almost double in size of sales by 2030

to approximately 97.5 million units per annum and nearly approximately 39 million units (approximately 40% market share) of these sales every year are expected to be electric. The 2020 BNEF Report forecasts that annual passenger car global sales are expected to increase from approximately 63 million units (2020) to approximately 93 million units in 2030, with approximately 26 million units (approximately 28% market share) of these being electric. For these reasons, the Directors believe Saietta’s focus on the two-wheeler market, with a particular focus on Asia, is a sound strategic move.

It is also important to note that Saietta is working on AFT motor variants for other applications, including the passenger car sector and is expected to launch optimised derivatives to address these markets over time.

Saietta’s launch motor, the AFT 140, and lower-power variant, the AFT 110, are optimised for mid-power e-motorbikes in India equivalent to 100-165 cc ICE motorbikes. India’s 1.3 billion population (approximately 17.5% of the global population) bought just over 20 million motorbikes (units) in the 12 months to March 2019, and annual domestic sales are expected to reach approximately 27 million by 2025, making it the largest two-wheeler market globally.

The below graphic and table provide a breakdown of the 20.3 million motorbikes and scooters sold in India between April 2018 and March 2019:



Power size (in cc's)	Motorbike units sold	Market share (%)	Saietta AFT model variant
101 – 125 cc	10.8 million	Approximately 53%	AFT 110
126 – 165 cc	2.3 million	Approximately 11%	AFT 140
Total (101 – 165 cc)	13.1 million	Approximately 64%	

Saietta has engaged with four of the five largest two-wheeler OEMs in India which are shown in the table below and have a combined market share of approximately 67% of the total annual market. The Directors believe that, based on the feedback from these OEMs and Saietta’s market intelligence, the next vehicle segment to adopt electrification in India will be the 100-165 cc two-wheel market.

OEMs	Total Units Sold (2019)	Market Share
Hero MotoCorp	7,612,775	36%
Honda	5,520,617	26%
TVS Motor Company	3,136,532	15%
Bajaj Auto	2,541,320	12%
Royal Enfield	805,273	4%
Others	1,564,873	7%
Totals	21,181,390	100%

Lower powered electric two-wheeler vehicles equivalent to sub 100 cc ICE motorbikes have already been launched including Ather 450X from Ather Energy (costs: approximately £1,500 and delivers continuous power of approximately 3.3 kW) and Bajaj Chetak from Bajaj Auto (costs: approximately £1,150 and delivers continuous power of approximately 3.8 kW). The Directors believe there are no e-motorbikes in the equivalent of the 100-165 cc band that have yet been launched, making it an ideal time for Saietta to enter the market.

Saietta is also engaged with a number of tier one automotive suppliers and two-wheeler OEMs in China, where the market trend looks to be similar to India, with the 100-150 cc motorbike market being, the Directors believe, the next one to adopt electrification.

Saietta has also designed a range of electric outboard motors targeted for initial use in continental European inland waterways in the 6-25hp equivalent category. The Directors believe that this initiative will result in Saietta's AFT motors being brought into public operation relatively swiftly compared to the integration of the motors into third-party automotive platforms. In 2019, the global outboard motor market was estimated at \$5.2 billion of which only \$300 million was represented by electric outboard motors. There were 4.8 million outboard motors in Europe in 2019 with 200,000 new units sold per year – of which over 40% are under 30hp. This European market in 2019 was \$900 million in size and is forecast to grow to over \$1.1 billion by 2030 with an estimated 74% being electric outboard motors by that date.

4.5 Key market adoption drivers

The Directors believe there are a number of key underlying drivers which are accelerating the transition to electric vehicles, which include:

Price

The price of all-electric vehicles is currently typically higher than comparable ICE derivatives. This has been largely due to the cost of batteries which accounted for 57% of the total cost of an electric passenger car in 2015, which OEMs have typically passed onto the consumer. However, this relative cost is falling. BNEF forecasts in 2020 that “price parity between EVs and internal combustion vehicles is expected to be reached by the mid-2020s in most segments” and that “by 2024, battery pack prices are expected to go below \$100/kWh on a volume-weighted average basis” and “by 2030, pack prices reach \$61/kWh”. The Directors believe this will be transformative for the cost of EVs.

The Directors also believe there is another important trend to drive the rapid mass market adoption of electric two-wheel vehicles, being the switch to making batteries swappable for L Category vehicles. Leasing batteries instead of buying them when purchasing a two-wheel vehicle takes the high battery cost out of the vehicles retail price, making the EV (without batteries) cost less than the ICE vehicle, because the EV is a simpler vehicle with significantly fewer parts. The Directors believe that switching to a battery leasing model could potentially also make the refuelling operating cost for the EV less than for ICE. In addition, there is the added time benefit of swapping a depleted battery for a fully charged battery. This model is already working in practice and is demonstrated by Gogoro in Taiwan.

Another key consideration is for OEMs to agree a standardised hot swap battery specification, which is the ability to swap or replace a vehicle's battery, which could enable a single, mass market battery hot swap infrastructure to be a cost effective solution. Rapid progress is already being made in Asia, which the Directors believe is demonstrated by:

- the big four Japanese two-wheel vehicle OEMs (Honda, Kawasaki, Suzuki & Yamaha) announced in a press release on 26 March 2021 that they have aligned on battery specs for Japan; and
- a consortium (Honda, KTM, Piaggio & Yamaha) has signed a letter of intent (dated 2 March 2021) to drive towards standardising hot swap battery specs for L Category vehicles in Europe.

Geographic range

One of the main limitations that EVs have had so far has been the total distance or range they are able to travel before needing to be recharged, which can typically take several hours compared to a traditional ICE vehicle which can be refuelled within minutes. However, EV ranges have been improving as automotive OEMs have been able to install larger and more energy dense batteries and/or more efficient electric motors. The Directors believe one of the main challenges to overcome in order to drive mass market adoption of EVs remains the ability to quickly charge EVs once they have run out of range. However, because of this, it is the Directors' strategy to focus on smaller EVs that could have quicker charging times and, more fundamentally, are used for shorter journeys in high density population areas, and therefore may require less frequent charging. The Directors believe the trend towards hot swappable batteries in the two-wheel EV market should be a significant enabler in Saietta's target market.

Saietta's AFT motor technology is particularly efficient on typical urban stop-start journeys. A good example of this is that Saietta recently upgraded a Renault Twizy (a two seater micro-car), which was powered by Saietta's AFT 140 motor, with the initial testing indicating that the range on a single charge could increase by up to approximately 10%. Furthermore, the Directors believe the current range that can be achieved using Saietta's AFT motor technology is expected to meet many L Category vehicle users' needs. However, as more efficient battery storage technology is developed, the Directors believe additional range will be able to be achieved.

Improving electric vehicle charging infrastructure

Closely linked to the geographic range that can be achieved by EVs is the ability for consumers to charge their vehicles easily and regularly. Over recent years there has been greater focus on installing electric charge points across the UK. However, these charge points require mains power and need to be specially installed. Today, there is still a limited number of charge point locations across the UK, with most users choosing to charge at their home location. Given Saietta's focus on high density population areas in Asia, many of these mega-city locations still require significant local investment to deliver a comprehensive recharging infrastructure for mass market EV adoption. The Directors believe that as local infrastructure improves, this will also help drive the adoption of EVs.

Governmental subsidies for switching to electric vehicles

According to the World Health Organisation, air pollution is a significant cause of death in countries with poor quality of air, with an estimated 4.2 million deaths attributed to ambient air pollution every year. The automotive sector is a meaningful contributor to polluting emissions. These pollutants are reported to be growing each year. As part of the focus to try to reduce this, many governments are now offering subsidies on the purchase of electric vehicles to improve price competitiveness. Furthermore, some governments are allowing employers and employees to sign up to tax efficient salary sacrifice schemes to encourage employees to switch to electric vehicles.

Banning of new ICE sales

Linked to the subsidies that are being offered by some governments to encourage consumers to switch to electric vehicles, a number of countries have outlined proposals to implement rigorous emissions standards by proposing deadlines for the outlawing of sales of pure ICE passenger vehicles and are generally aligning on 2030 being the key target date for this. This is providing consumers with a hard deadline to transition to electric vehicles which, the Directors believe, should also help to drive the adoption of electric vehicles over time. By way of example the UK

government is seeking to ban the sale of new ICE vehicles by 2030 and US President Joe Biden has revealed a \$174 billion proposal to relaunch the automotive industry with a focus on electric vehicles – excluding high-priced luxury vehicles

Availability and range of EV models

Automotive OEMs are continuing to provide consumers with a broader range of electric vehicles as an alternative to traditional ICE vehicles, in response to greater interest. The Directors believe, as more OEMs provide consumers with greater choice, more consumers will, in time, be more willing to make the change to electric vehicles.

Consumer environmental awareness

Air pollution in the western world is a challenge but in Asia it has reached chronic levels. For example, India has six of the world's ten most polluted cities and New Delhi has the worst air pollution of any capital city in the world. According to WeForum.org, air pollution kills 1.25 million people every year in India. The dramatic improvement in air quality in Indian mega-cities during the COVID-19 lock-down is further accelerating the transition to electric vehicles.

5. Axial Flux Motors Overview

Electric motors have long been in existence with three main categories (also known as topologies or architectures) of AC traction motor typically in use, consisting of: induction, reluctance and permanent-magnet motors. Most electric motors have historically been designed for static applications, often connected to a mains power source which means it could be acceptable for the motors to be large, heavy and relatively inefficient.

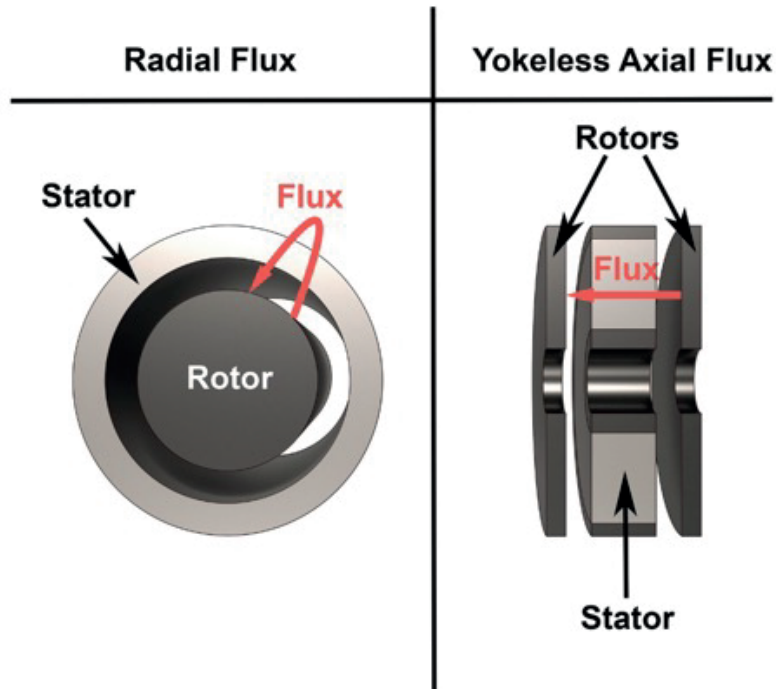
Including an electric motor to power automotive vehicles presents a very different set of challenges for motor engineers and vehicle manufacturers. Having to carry both the motor and its electrical energy source (i.e. batteries or fuel cells) around in a relatively small vehicle means that motor size and weight become very important. So too does the efficiency of the motor (i.e. how much of the electrical energy is translated into kinetic energy). A higher motor efficiency on a real-world driving cycle provides the vehicle architect with two options, either:

- less battery capacity is required for a given range (reducing battery cost, weight and packaging space); or
- the same battery capacity can be retained and the vehicle travels further on a single charge.

Electric motors for traction applications have space, weight, cost, efficiency, manufacturing ease and motor reliability requirements, which are all important factors to their overall viability.

Torque is also critically important for L Category vehicles and permanent-magnet motors typically provide the highest torque density of the three main motor architectures referenced above. Torque is the rotational force of an engine that is used to turn and accelerate the vehicles wheels and is measured in newton metres (Nm). It is often used as a measurement to evaluate how much the motor can 'pull' a vehicle forward. Torque is therefore an important measurement in vehicle engines, and often more so than top speed, as poor torque will severely impact on the performance, efficiency and range of an electric vehicle. High torque is particularly important for L Category vehicles carrying heavy loads of people or cargo in slow moving stop-start traffic.

A permanent-magnet motor is an AC motor that uses magnets embedded into or attached to the surface of the motor's rotor, with the rotor being the moving component within an electric motor. These magnets are permanently magnetised and generate a constant 'motor flux' or a magnetic current, which allows the rotor to rotate relative to the stator of the motor, which is stationary. Switching the AC current within the stator causes the magnets on the rotor to synchronise with the AC current, forcing the rotor to rotate.



Additionally, the magnet flux can be orientated to be either axial-flux or radial-flux. The difference is that in an axial flux motor, the magnetic flux direction is parallel to the machine's rotation axis, whereas in radial flux motors, the magnetic flux direction is radial. Radial-flux motors have historically been more popular to produce, given their ease of manufacture and typical lower production costs compared to axial-flux motors. However, the Directors believe axial-flux motors provide a superior solution for electric traction, due to their higher torque density and efficiency, resulting in these motors requiring less reduction gearing (i.e. less gearing to transfer the motors power to the wheels) and therefore, enabling a smaller, lighter, cheaper and higher-efficiency transmission to be used.

The Directors believe the main benefits of an axial-flux motor design can be summarised as follows:

- **Leverage** – the magnets in axial-flux motors are generally further away from the centre, allowing for greater leverage from the same shape and therefore providing a higher output from the same materials and motor footprint.
- **Increased surface areas to deliver output** – the rotor is the moving component within the motor and in a radial-flux motor there is only typically one, whereas in an axial-flux motor there are two. This creates a larger power-generating surface area in a motor of the same size.
- **Electromagnetic field** – the axial-flux's simpler design means the magnetic pathway (magnetic flux) is shorter. It is also straight rather than bent, with these being two separate points of efficiency enhancement over a radial-flux motor.

6. Business Overview

Saietta is a UK electric drive company that has developed an innovative and patent pending AFT electric motor, designed to deliver class-leading performance for its target market, whilst being low cost and built for mass market production.

The Group's AFT motor is a pancake shaped electric propulsion motor that is modular in its design, intended to provide a unique platform for both high and low voltage electric motor solutions, that can power a wide variety of electric vehicles ranging from scooters, motorbikes, cars, marine engines through to larger vehicles such as electric buses. The Group's initial focus will be on the L Category vehicle market sector in Asia, which will include scooters, motorbikes, tuk tuks and last-mile delivery vehicles.

Saietta was founded in 2008 as an e-motorbike manufacturer and evolved the business in 2017 after identifying a global need for a mass market electric motor solution. The Group also provides end-to-end engineering services for electric motor technology to OEMs, with the Group's services ranging from market research and product definition, through to CAE & simulation, e-motor electrical & mechanical integration, prototype build vehicle testing on test tracks, low volume production and production process definition. The Group is headquartered in Oxfordshire, UK, with 28 employees as at 31 March 2021.

6.1 Saietta's AFT motor technology

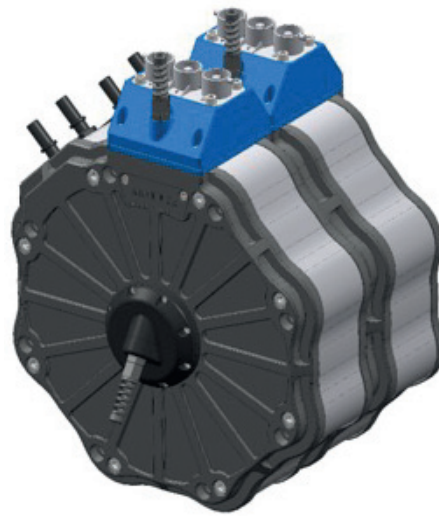
Saietta has developed a potentially disruptive and patent pending topology of an axial-flux motor that is designed to be manufactured in high volumes and at low cost.

Saietta's AFT motor delivers high efficiency across a broad range of speed and torque as its air-gap flux density is highly sinusoidal giving low core and magnet losses. This in turn removes the need to segment the magnets which lowers the cost. The AFT is able to use grain orientated electric steel laminations because the flux path is unidirectional through the core and the stator teeth are a simple wedge-shaped geometry. This is significantly cheaper than using SMC core pieces and enables a higher flux density for the same volume and grade of magnets. The cooling of the windings is effective due to the high number of slots per pole and the optimal radial heat path to the external water jacket (potted stator). This means that a high continuous power rating is achieved. The motor performance versus magnet cost is tuneable as the topology can accommodate different magnet grades of different thicknesses. The cogging torque is low owing to the high number of slots per pole, resulting in a smooth and higher quality driving experience.

In addition, Saietta's AFT motor is fully sealed from the environment, is robust and low maintenance. Furthermore, the design is modular, resulting in a highly flexible motor platform that can support a wide range of voltage and power levels through scaling of the motor's size and reconfiguration of the coil interconnections. This means, Saietta's AFT motor technology can be used in variety of electric vehicles ranging from scooters, motorbikes, cars, marine applications through to larger vehicles such as electric buses.



Saietta's AFT 140 motor

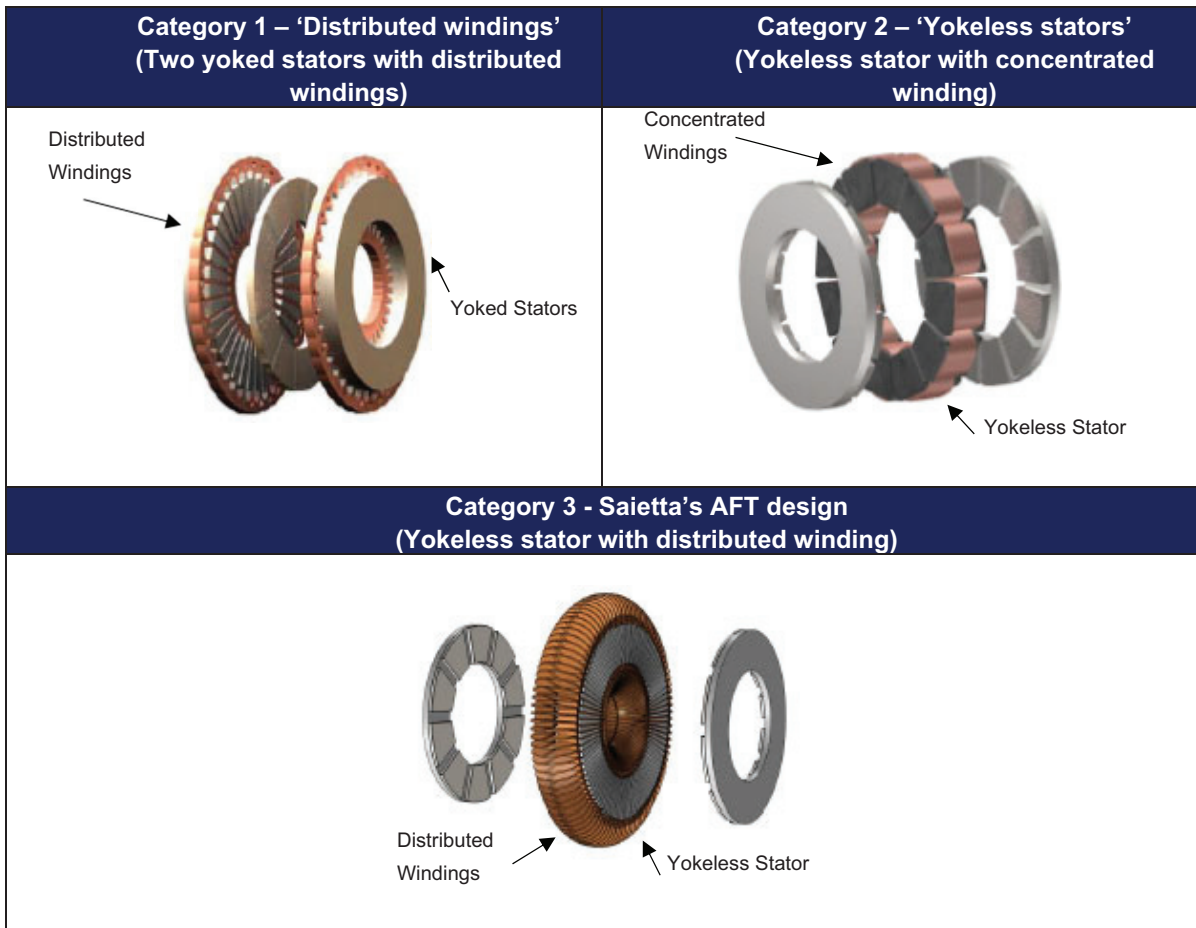


Saietta's AFT 190 motor (stacked)

Axial-flux motors are particularly suitable for lightweight vehicles as they inherently have a higher torque density than IPM radial-flux motors and so require less reduction gearing, enabling a smaller, lighter, cheaper and higher-efficiency transmission to be used.

Typically, axial-flux motors have two yoked stators either side of a central rotor (see Category 1 below), or are “yokeless” with two rotors either side of a central stator, with bobbin-wound concentrated windings (see Category 2 below).

Saietta's AFT topology is a yokeless axial-flux motor which enables the highest torque density but, innovatively, uses a distributed winding that consists of overlapping coils. The resulting smooth magnetic flux wave and voltages produced in the windings minimises the core and magnet losses, yielding high efficiency over a broad range of speed and torque, allowing the use of cheaper unsegmented magnets. Additionally, this results in low torque ripple and cogging torque, resulting in excellent noise, vibration and harshness (NVH) performance, which are all important factors for vehicle operation.



Below is a summary of the key advantages and disadvantages of the three axial-flux topologies, in the opinion of the Directors:

• **Category 1 – Yoked stators with distributed windings:**

Advantages	Disadvantages
<ul style="list-style-type: none"> • High torque for magnet volume/grade (electric steel core) • Low-cost core material (laminations) • Low-cost magnets (not segmented) • High continuous power (good heat path from copper to housing) • High efficiency 	<ul style="list-style-type: none"> • More copper • More core material • Larger diameter • Complex rotor assembly • Complex winding process

- **Category 2 – Yokeless stator with concentrated winding:**

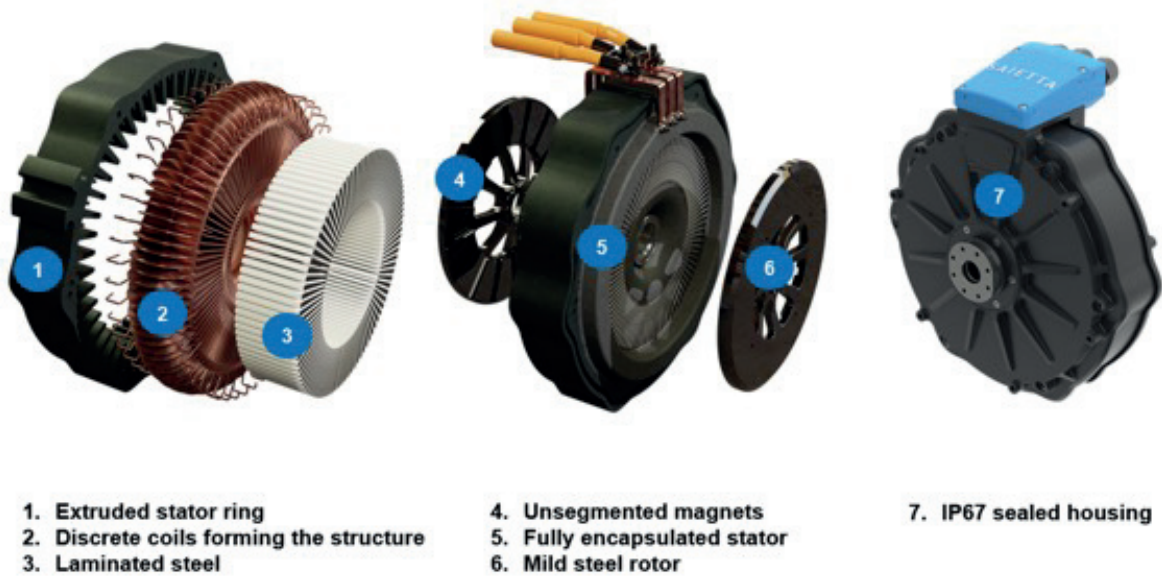
Advantages	Disadvantages
<ul style="list-style-type: none"> ● Less copper ● Less core material ● Smaller diameter ● Simple rotor assembly 	<ul style="list-style-type: none"> ● Lower torque for magnet volume/grade (SMC core) ● High-cost core material (SMC) ● High-cost magnets (segmented) ● Lower continuous power (poor heat path from copper to housing) ● Higher magnet losses ● Complex stator assembly

- **Category 3 – Saietta’s AFT design – yokeless stator with distributed winding:**

Advantages	Disadvantages
<ul style="list-style-type: none"> ● Least core material ● Low-cost core material (laminations) ● Highest potential torque for magnet volume/grade (due to grain oriented electric steel core) ● Low-cost magnets (not segmented) ● High continuous power (good heat path from copper to housing) ● High potential efficiency for volume/grade of magnets ● Simple rotor assembly ● Cost-effective stator assembly 	<ul style="list-style-type: none"> ● Slightly more copper than concentrated winding ● Larger diameter than concentrated winding

The key components

Saietta's AFT motor consists of 7 key parts, which are outlined below.



- **Extruded stator ring:** Economically selected manufacturing method to form this part in high volumes.
- **Discrete coils forming the structure:** Simple and identical individual components suitable for automated assembly.
- **Laminates of grain orientated electric steel:** Cost effective yet high performing material (commonly used in transformers).
- **Unsegmented magnets:** Simple, solid segments of Neodymium magnet material.
- **Fully encapsulated stator:** Robust, excellent electrical insulation and good thermal properties.
- **Mild steel rotor:** Cheap, low grade material without compromise on magnetic performance.
- **IP67 sealed housing:** Motor internals protected from harsh environmental conditions and any dust, fluids and debris.

6.2 Third-party validation of Saietta AFT motors

The AFT 140 motor has been tested by two independent electric motor controller manufacturers who have confirmed that it performed in accordance with its stated target performance attributes as well as having solved the cooling concept on axial flux motors. Furthermore a leading academic in the field of power electronics reviewed the designs and confirmed that the design is ingenious, with advantages over traditional machines, scalable with attributes which are manufacturable in quantity at a reasonable cost and reconfigurable for different voltages.

6.3 Saietta's current and planned products

6.3.1 AFT 140 (target application: 126-165 cc power equivalent motorbikes and three wheelers)

The Directors believe the Group's AFT motor technology has been designed and engineered to meet the key desired features of an electric motor for the L Category market. The AFT 140 is suitable for battery voltages between 48 volts and 120 volts, with a dry weight of just 17.5kg. Peak torque is as much as 140 Nm, with rated continuous torque of 50-60 Nm and continuous power output of between 13 kW and 23 kW, depending on the voltage. Higher power applications could be accommodated by stacking motors alongside each other, a key benefit of Saietta's modular design.

The AFT 140 motor is the launch model of a broad family of motors, with the 140 referring to the average core diameter in millimetres. It is in production and optimised for mid-power motor cycles (the L3e category) and last-mile delivery vehicles (L7e category). The AFT 140 provides optimum performance for the 10 kW to 15 kW continuous power segment (equivalent to 126 cc to 165 cc ICE motorbikes) which amounted to approximately 2.3 million units sold in India, in the 2018-2019 fiscal year.

The typical automotive Product Development Process (PDP) entails product and manufacturing engineers finding the most cost-effective way to manufacture an electric motor. However, Saietta's PDP was radically different, with every engineer tasked with (i) delivering the target motor performance at the size, weight and parts cost required, and (ii) designing for mass market manufacture, utilising low-cost active materials and making AFT easy to assemble in highly automated mass volume, with the aim of making Saietta's AFT motor cost effective.

Saietta's pioneering work was also recently recognised through a major research contract from the UK's Advanced Propulsion Centre (APC) which will support in fast-tracking its production ramp-up to mass market volume.

6.3.2 AFT 110 (target application: 101-125 cc power equivalent motorbikes and scooters)

Saietta has designed and built prototypes of a lower cost, lower power variant of the AFT 140 motor, in order to target the sub-12 kW continuous power application, which is equivalent to the 101 – 125 cc ICE motorbike segment. This design has simplified phase cable connections and offers the same straightforward water cooling benefit as the AFT 140, giving exceptional continuous power capability for its size. In addition, the AFT 110 motor delivers approximately 10 kW of peak power on only a 48 volt battery supply and a dry mass of less than 10 kg. Peak torque is expected to be as much as 40 Nm with 300 amps of battery current.

6.3.3 AFT 190 (target application: high power passenger and commercial vehicles)

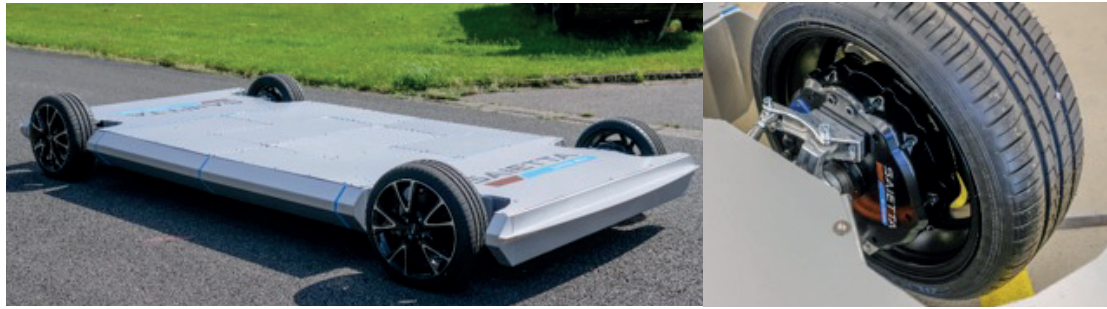
The scalability of the AFT motor technology is further demonstrated by the development of a high-voltage variant, with a 190 mm average core diameter. It is designed to provide over 200 kW of peak power with a nominal battery supply of 700 volts. With only 420 amps of phase current, the motor is expected to deliver peak torque of 340 Nm. This variant has been designed with extensive electromagnetic and thermal simulations and first prototypes are due to be built in 2021.

6.3.4 Other AFT applications

In addition to the two-wheel vehicle market, the alternative applications of the AFT motor technology include placement in the following areas where the Directors believe a favourable performance outcome can be achieved at a potentially competitive price:

- an electric outboard motor;
- a dedicated motor integration inside the wheels of an EV at both high and low voltage levels;
- industrial applications such as high performance air compressors in mobile platforms;
- solar powered water pump applications in remote areas;
- urban wind turbines;
- fully integrated modular drive-trains;
- a 400 volt series hybrid variant; and
- other high power configurations using the AFT's modular design, stacked into high power drive-trains for large commercial vehicles or high performance cars.

Product and application images:



Sietta P1 smart mobility platform with in-wheel motor

6.3.5 Other services provided by the Group

As well as the Group's core AFT technology and associated product range being developed and offered in batch production, Sietta offers an extensive range of engineering design services. These are focused on both new product design services, the integration of existing AFT motor designs into OEM vehicle platforms and entire prototype development. Additional testing and certification is currently offered in association with third party partner firms. Following Admission, Sietta will look to expand these capabilities across mass production, a motor durability test centre, dedicated marine applications and production facility design and construction.

7. Group Business Model, Commercial Overview & Strategy

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

7.1 Engineering design services

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

At the end of Q3 2020 (calendar year), Sietta began proactively marketing the AFT 140 motor to potential OEM clients and in over six months, generated approximately £900k of engineering revenue for the financial year ending 31 March 2021.

Sietta has been able to secure revenue from clients globally, across the electric mobility sector including:

- A Chinese eMobility leader which contracted Sietta for two projects: (i) to mate and optimise Sietta's AFT 140 with a controller for a high volume Asian last mile delivery vehicle; and (ii) R&D into an all new, high voltage variant of AFT motor for performance vehicles.
- A Canadian client supplying air compressors featuring Sietta's AFT 140, for off-road industrial applications across North America.
- A leading UK eDrive research organisation with strong links to the UK Government for an in-wheel variant of Sietta's AFT 140, for integration into a last mile delivery vehicle.
- A Scandinavian client seeking to employ Sietta's AFT 140 motor and a matched controller solution that is optimised for their range of snow mobiles. The test vehicle is scheduled to go into cold field trials in Q2 2021 (calendar year).
- An Australian start-up developing a niche "classic" style eMotorbike.
- An experienced eDrive integrator in Holland that is investing into a 'crate' eDrive solution, using Sietta's AFT 140 motor, plus the controller and transmission, for retrofit into a broad range of classic ICE cars.

- A marine client in the UK seeking to use a variant of Saietta's AFT 140 motor, which the Group integrated into an outboard motor and successfully completed sea trials in Q4 2020.

In addition to these commercial projects, Saietta has invested into upgrading a number of lightweight motorbikes, go-karts, rickshaws and microcars (i.e. the Renault Twizy) to be powered by Saietta's AFT 140 motors. The purpose of this is to: (i) quantify Saietta's AFT motor competitive advantage and (ii) to demonstrate the driving experience to potential clients.

These projects confirm the feasibility of Saietta's strategy to generate revenue from adapting its core technology to meet specific customer requirements.

The objective of engineering projects is to generate revenue while enhancing the Group's IP and attract clients into larger scale follow on projects throughout the product development process. Many projects have the ultimate aim of generating motor sales once the client's applications go into volume production. These projects also effectively part fund Saietta's ongoing R&D as Saietta usually retains the core intellectual property generated by engineering projects.

7.2 Motor Durability Test Centre

Following Admission, Saietta expects to commence the construction of a motor durability test centre, which is intended to be located in the Hardened Aircraft Shelter at its Heyford Park premises. These premises are currently leased and would be subject to approval of the premises owner. Up to approximately 20 test cells will be constructed in order to test and certify the performance and durability of Saietta's AFT motors, according to OEMs specifications.

Testing will occur both during the overall vehicle design phase and following the release of production AFT motors. The Directors believe that each test cell could generate up to £1,500 of revenue per day equating to several million pounds of revenues annually.

The ability to offer test and certification services is intended to assist in the winning of contracts for engineering design services and to help move those contracts along to production and/or licensing.

Given the rapid transition to electric propulsion, the significant electric motor durability test centres in the UK currently include: Intertek in Milton Keynes, Millbrook in Bedford, AVL in Coventry and Mahle Powertrain in Northampton, and they are often fully booked due to the structural change in the automotive industry. Saietta has already recruited a highly experienced Head of Testing, who will be responsible for further establishing the Group's testing operations in the future.

7.3 Direct Manufacturing

Saietta's current UK based pilot production facility can accommodate up to 6,000 units per year in the FY23 financial period. The proceeds of the Placing will contribute to the development of a UK production facility that is being designed to be ramped up to a capacity of approximately 100,000 units per year on an annualised basis, within three years from Admission. Following detailed technical analysis and production enhancements, the Directors are now confident that volume production can be achieved at a highly competitive price for the target e-motorbike market.

The Directors expect this UK production capacity will be globally competitive at a target price point. However, its purpose will be to supply European and small batch demand whilst major customers in India and the Far East establish their own manufacturing capacity with Saietta's support. Retaining an on-site manufacturing capacity will be crucial in ensuring that Saietta maintains its product skill and knowledge from concept to production.

The Group targets a blended average revenue of £783 per unit from its directly manufactured AFT series motors across all power sizes and applications.

7.4 Global Licence and Joint Venture Fees

In order to meet the anticipated volume demand, Saietta will need to enter into technology licensing and manufacturing joint ventures with selected third-party organisations who will manufacture Saietta's AFT motors overseas.

Through its Commercial Collaboration Agreement with Padmini, Saietta's Indian marketing representative, Saietta has a strong partner identified in India. Padmini is a specialist manufacturer of automotive parts and has successfully supplied to Honda, Toyota, Yamaha, BMW, VW and

Mercedes amongst others. The Directors believe that the capability and market presence of Padmini will greatly support in fast tracking Saietta's AFT motors into the large motorbike sector in India.

Through its Hong Kong presence, Saietta is also preparing to capitalise on its multiple ongoing discussions with a number of Chinese OEMs and the Company intends to offer a China domestic regional licence for tender during 2021.

The core economics from licence fees are expected to range from initial technology transfer fees through to royalty fees and profit share arrangements. However, there are also anticipated to be some additional project fees from the provision of assistance in the design and manufacture of production facilities for export. Such facilities would be specified and trialled on a pilot line at the Group's facilities in Oxfordshire and then procured overseas or shipped overseas for commissioning.

It is estimated that by 2030 there will be annual sales of 65 million electric cars, motorbikes and outboard motors. An illustrative 2.3% market share (excluding direct sales) at that point could equal 1.5 million Saietta motors being manufactured under licence globally with a target royalty of £10 per motor or greater.

7.5 Marine Division

Although the regulatory push to convert road vehicles to clean energy is progressing, there are political complexities to its final implementation. However, with regard to waterways where petrol and diesel motors do considerable environmental damage, there are some regions which 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. High speed off-shore navigation would require a greater energy source than current battery technology provides. However, inland waterways have a more suitable dynamic in that their speeds are lower and conditions provide less resistance. Inland waterways can also provide constant access to potential recharging points or battery exchange points. In particular, there are over 12,000 private inland vessels in the city of Amsterdam and currently approximately 95% are powered by ICE outboard motors. These petrol and diesel outboards have been banned in Amsterdam city centre from 2025 and, as yet, there are few viable functioning products to replace them.

The Directors believe that this initiative will allow Saietta's AFT motors to be brought into public operation relatively swiftly compared to the integration of the motors into third-party automotive platforms and also believe that the direct sales model will allow a strong margin. The European outboard market is forecast to expand to sales of \$1.1 billion by 2030, with an estimated 74% being electric outboard motors by that date.

The Group has identified an ultimate target share of over 10,000 e-outboards per annum with a potential wholesale revenue of approximately £2,500 per motor.



8. Competitive Environment

The Board believes that the changes being brought on by the electrification of the \$2 trillion per annum global automotive manufacturing sector will provide the opportunity for a number of new market entrants. The Directors believe that axial-flux motors have long been accepted as a superior solution for electric traction, particularly for lightweight vehicles. They inherently have a higher torque density than 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.

Each motor architecture has different features and benefits which make them more or less attractive for different EV applications. Saietta's AFT 140 launch motor and lower-cost AFT 110 variant are 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.

The Directors believe that the global automotive manufacturing industry, which consisted of an estimated 74,000 enterprises in 2017, is involved in the production of ICE power trains and components. Consequently, the Directors believe that a significant number of successful EV powertrain producers will therefore be required to satisfy the expected future demand, in a market that could total approximately 191 million vehicle units per year by 2030 (excluding commercial vehicles) of which 65 million are expected to be electric vehicles.

Saietta's technical and commercial teams maintain a large database of potential competitor motors manufactured by over 50 electric motor companies, based around the world.

When mapping out the market to identify potential competitors, Saietta applies the two filters below in order to identify which of these e-motor brands are considered to be a potential direct competitor for Saietta's AFT motor in the L Category vehicle sector.

- Do the motors deliver 5 -15 kW of continuous power with a nominal 48 volt battery supply?
- Are they in or near volume production (i.e. an established company)?

Of the e-motor brands tracked, the Directors believe that very few pass both filter tests, making them potential competitors for Western L Category EVs. However, this does not necessarily make them a direct competitor for mid-powered motorbikes in Asia given the highly aggressive price point of two-wheel vehicles in that market. The four closest competitors that the Directors are aware of are listed below.

Dana TM4

Dana TM4 has 50 years of experience in the electric propulsion market, with engineering centres in Canada, Italy, Germany, UK and China. In 2018, NYSE-listed Dana Incorporated and Hydro-Quebec announced a joint venture partnership in which TM4 Inc., a subsidiary of Hydro-Quebec became Dana's source for electric motors, power inverters, and control systems.

It is the Directors' opinion that the Dana TM4 motors are the closest competitor for its L Category target market. However, the AFT motor delivers higher torque density at what the Directors believe to be a competitive price point, whilst also providing significantly higher continuous power capability through liquid cooling. The Dana TM4 motors are not water cooled and, therefore, Saietta's AFT motor should be more suitable for high temperature climate applications.

Golden Motor

Founded in 2006, Golden Motor is based in Changzhou, China. They state their products offer high performance and inexpensive solutions for personal electric transport. However, the Directors believe that that AFT 140 performance is significantly superior to the closest Golden Motors product and the Directors do not see them as a major threat for the Group's target market.

Heinzmann

Heinzmann is a German based manufacturer of electric motor drives for up to 30 kW and was established in 1897. The company employees approximately 400 people worldwide, across 40 countries and provides both R&D and manufacturing capabilities. Heinzmann's motors are of axial flux design with two yoked stators and central rotor which, in the Directors opinion, provides inherently lower torque density than a dual-rotor yokeless topology. That said, Heinzmann have had

success employing their technology into a KTM Freeride E-XC electric dirt bike. Saietta considers Heinzmann to be a potential competitor in its L Category target market. However, the Directors believe that Saietta’s AFT motor technology has significantly higher torque density than the Heinzmann 48 volt PMS motors.

Motenergy

Motenergy is an American company founded 1997 to design and manufacture a variety of brushed and brushless motors for electric vehicles. The AFT 140 performance is significantly superior to the closest (air-cooled) Motenergy motor. The Directors do not view Motenergy as a major threat for its target market.

Performance benchmarking

Saietta benchmarks its main competitor motors versus the AFT 140 motor at 48 volts. The table below provides the performance metrics. AFT 140 comes out top in all three key performance measures for the target L Category market, which the Directors believe further substantiates their view that Saietta’s AFT motor is able to deliver superior performance against the peer group in its target market.

Motor OEM	Model	Continuous Power kW	Torque Constant Nm/A	Peak Torque Density Nm/kg
Dana TM4	IPM200-50-AJ08	< 6.0	0.10	3.0
Dana TM4	IPM200-50-AH01	< 8.0	0.15	4.6
Dana TM4	IPM200-66-AP01	< 9.0	0.15	5.3
Golden Motor	HPM48-5000	5.0	0.12	2.2
Golden Motor	HPM48-10000	10.0	0.10	1.8
Heinzmann	PMS120	6.0	0.07	3.7
Heinzmann	PMS150	8.5	0.07	3.6
MotEnergy	ME0201013001	5.0	0.12	2.4
Saietta	AFT 140	13	0.23	8.0

*< means 'less than'

Source: Data in the above table has been sourced by the Company from publicly available information as at the date of this document. The Company has not independently verified the published data.

Relating AFT 140 motor competitive advantages to the target market

The Group’s target market is electric equivalents of 125 -165cc motorbikes in Asia. These vehicles are a family commuter tool which typically travel small distances each day. They are used daily on heavily congested roads in mega-cities and typically travel at low speed in stop-start traffic. When they are not in use, they bake for hours in the high ambient temperatures. In short, these vehicles are robust workhorses rather than Western fun, lifestyle statements.

AFT was designed specifically for this application and delivers three key competitive advantages:

- High torque: the figures in the table show that AFT 140 has clear leadership in torque output which the Directors believe to be vitally important when carrying relatively heavy loads of people or cargo in stop-start, city traffic.
- High continuous power: the table shows that AFT 140 clearly leads. This is largely because AFT introduces effective water-cooling to this sector. High ambient temperatures in Asia and low speed airflow in slow moving traffic makes cooling air-cooled motors a significant challenge, and so AFT’s water-cooling delivers a major advantage over most of its rivals.
- Deliver performance at low voltage (i.e. 48 volts): this makes servicing e-motorbikes by mechanics who are not trained in high voltage e-Drives much safer than high voltage competitor motors.

Other axial flux electric motor producers

In addition to the above mentioned producers of specific potential competitor motors there are a number of notable producers and designers of electric motors which utilise variations of axial flux topology – these include amongst others: US based Linear Labs has developed the Hunstable Electric Turbine torque tunnel which combines radial and axial flux topologies; Magelec Propulsion in Shanghai has developed an axial flux permanent magnet synchronous motor; Magnax in Belgium which is developing an axial flux motor with concentrated bobbin winding and an axially laminated stator housing ring and Yasa Limited in the UK which has a claimed production capacity of 100,000 motors per year with a range of 160 kW to 200 kW. The Directors believe that the majority of these designs have a different market focus to Saietta in that they are predominantly focused on high power and high voltage applications for commercial vehicles and prestige automobiles. Furthermore, given the estimated 74,000 enterprises (as of 2017) in the global automotive manufacturing industry and the predicted 65 million EVs required annually by 2030, the Directors believe that the global market will require and sustain a greater number of successful electric motor and drive train enterprises than the current number of such enterprises.

9. Intellectual Property

The Directors are aware of the importance of patent protection, both for the defence of its core inventions and for enhancing the commercial value of the products it develops.

The Group's key intellectual property rights can be broadly categorised as patent applications, trademarks, proprietary know-how and trade secrets associated with its products. This intellectual property has been developed by the Company's employees and contractors. In respect of such intellectual property, protection is afforded to the Company through its employment agreements which confirm that intellectual property rights developed by employees of the Company are assigned to the Company and through specific agreements with contractors.

The Company is currently the owner of three families of patent applications covering the design of features of the AFT and ancillary features thereto. They can be summarised as follows:

Family 1: Axial Flux Electrical Machine – Coiled Stator

This family relates to an axial flux stator assembly incorporating a set of coils according to Saietta's novel geometry and a corresponding method of manufacture. Each coil has a pair of active sections (the parts of the coil that interact with the magnetic field) that extend in a radial direction perpendicular to the axis of rotation. The active sections of each pair are pitched apart and adjacent coils overlap each other to define spaces for receiving flux guides.

Family 2: Axial Flux Electrical Machine – Coil

This family relates to Saietta's unique 3D geometry for a coil for a yokeless axial flux stator and a corresponding method of manufacture. The coil is made of winding turns and has first and second active sections (the parts of the coil that interact with the magnetic field in use) with a particular geometry so that when a set of coils are arranged in a circumferentially-distributed and overlapping manner a structure is created that accommodates the insertion of individual flux guides (core segments) to form the stator.

Family 3: Axial Flux Electrical Machine – Ancillary Features

This family relates to a stator housing for an axial flux electrical machine that holds the coils. The housing has recesses configured to receive the outer parts of Saietta's unique conductive coils. It should be noted that each application in this family contains a number of additional concepts that could be the subject of their own patent applications in the future, such as the manufacturing of the housing by an extrusion process (optionally, multi-part).

Family 1 and Family 2 include pending Chinese, UK and PCT applications. Family 3 includes a pending Chinese and PCT application. Further national applications derived from the PCT applications of each of the families are planned for filing by 29 July 2021.

The UK patent application of Family 1 is expected to be granted within 2021. All current objections from the UKIPO examiner have been overcome and the Company is awaiting notification of

allowance. The UK patent application of Family 2 is allowed and is expected to be officially granted on 7 July 2021 based on correspondence with the UKIPO.

Once granted, a patent gives the proprietor the right to prevent third parties from (among other things) manufacturing or selling the invention as covered by the claims, and to obtain appropriate monetary compensation (damages) for any infringing acts. Although infringement proceedings cannot be initiated until a patent application is granted, patent applications still provide useful protection because claims for damages for infringement by third parties can be backdated to the publication date of the application, provided certain requirements are met.

The following risks should be noted as to why the above patent applications may not result in granted patents:

- Separate patentability searches are performed nationally after applications are filed in the various desired countries. If relevant new prior art is found, a national patent office may raise new objections to the national application, which could impact the other national applications. There is also always a risk that national patent examiners will perform further “top-up” searches at any stage during examination and find new prior art documents.
- Most patent offices provide a mechanism for third parties to file objections against pending patent applications. The patent office will usually require the applicant to address the issues raised before they will grant a patent. Such third party observations are rare.
- Once a patent is granted it can still be challenged by third parties. For example, the European Patent Office has an opposition procedure that allows granted patents to be challenged within nine months of grant.

Further details of the Company’s patent applications are provided in the Patent Report prepared by Reddie & Grose, a copy of which is reproduced in Part IV of this document.

As at the date of this document, the Company owns 3 UK registered trademarks, 2 European Community trademarks, 1 US registered trademark and 1 Indian trademark in relation to its business, products and services. Additional registrations are being sought in the UK, with further registrations being considered for the EU, US, India, China, Hong Kong, Japan and Brazil.

The success of the Group will to a large part depend on its ability to protect and enforce its intellectual property rights, whilst not infringing the rights of third parties. Further details relating to the Group’s reliance on intellectual property rights are set out in Part II of this document.

10. Financial Facilities and Grant Funding

Since its founding, Saietta has been awarded over £4.5 million of grant funding, of which more than £2.6 million has been received to date. The three largest grant awarders have been: (i) the Advanced Manufacturing Supply Chain Initiative (approximately £1 million in 2015); (ii) the Advanced Propulsion Centre (approximately £760,000 received in 2017, and approximately £1.8 million awarded in 2020); and (iii) Department for Energy and Climate Change (approximately £550,000 in 2014). Additional grants have been received from CNEX, Niche Vehicle Network and the Technology Strategy Board.

11. Directors and Senior Management

The Board on Admission will comprise Anthony Gott as Independent Non-Executive Chairman, Wicher Kist as Chief Executive Officer, Steven Harrison as Finance Director, David Wilkinson as Senior Independent Non-Executive Director and Emmanuel Clair as (non-independent) Non-Executive Director. Paul Preece, who served as the Company’s Chief Financial Officer prior to Admission and John Michael Winn, who served as a Non-Executive Director prior to Admission, will each step down from the Board at Admission. It is the Company’s intention to appoint a further independent non-executive director in due course.

Anthony (“Tony”) David Gott (Independent Non-Executive Chairman, aged 65)

Mr. Gott will join the Board at Admission.

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.

Wicher (“Vic”) Klaas Kist (Chief Executive Officer, aged 47)

Mr. Kist joined the Company in 2017 and was appointed as a director of the Company in 2018.

Dutch-born Mr. Kist is an experienced automotive engineer with specific powertrain and electronics knowledge. His passion for automotive product development started early on, working alongside his father restoring cars, before going on to obtain a BSc University degree specialising in automotive and electronics.

Mr. Kist started his career at Cosworth Technology in 1997 when it became part of the VW/Audi group. As a project manager he focused on full power trains and in this role he undertook projects for Audi, Bentley and VW including the Audi RS6 and the Bentley Twin-Turbo.

In 2005 he joined the Dutch supercar brand Spyker in the role of Chief Technology Officer – having previously led the powertrain integration of the Audi powerplant into their vehicles.

Following this he worked independently on a number of specialist engineering projects including bio-diesel fuel cell and a battery back-up concept for the European Space Agency. As a consultant for Microgen Engine Corporation BV he successfully designed a silent bio diesel generator for a military requirement. In 2016 he joined a leading specialist in Jaguar and Lister cars for two race seasons until joining Saitta in 2017.

Steven Joseph Harrison (Finance Director, aged 52)

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.

Mr. Harrison is an internationally-experienced, bilingual finance director who has worked at both executive and board level in private and listed companies in the UK and Americas.

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 Finance Director 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.

David Lindow Wilkinson (Senior Independent Non-Executive Director, aged 64)

Mr. Wilkinson will join the Board at Admission.

Mr. Wilkinson is Chairman of the private property company CH Bailey Group Limited, Non-Executive Chairman at Goal Group Ltd, and a Non-Executive Director at Verso Biosense Group Limited. Mr. Wilkinson was, until recently, a Senior Independent Non-Executive Director at AIM quoted digital marketer Be Heard Group plc.

Prior to that, Mr. Wilkinson trained as a Chartered Accountant at Ernst & Young, going on to become a senior partner, working extensively within the firm for over three decades supporting growth companies. During his time at Ernst & Young, Mr. Wilkinson’s broad remit included working as an audit partner for entrepreneurial businesses and taking many companies through fund raising, M&A, IPOs and other exits.

Emmanuel Dominique Pascal Clair (Non-Executive Director, aged 51)

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.

Paul Stuart Preece (Chief Financial Officer, aged 54)

Mr. Preece became a director of the Company in 2018 and, prior to Admission, served as the Chief Financial Officer. Mr. Preece will resign from the Board at Admission, but remain an employee of the Company.

Mr. Preece is a fellow of the Association of Chartered Certified Accountants. He has had provisory roles in the medical software company Avia Health plc and the systems integrator group M-Netics Ltd.

John Michael Winn (Non-Executive Director, aged 74)

Mr. Winn became a director of the Company in 2020 and, prior to Admission, served as a Non-Executive Director. Mr. Winn will resign from the Board at Admission.

In March 2007 Mr. Winn retired from a full time role running a division of NYSE listed DST Systems Inc. Since then he has acted as a non-executive director of computer services company Star Technology Ltd until its trade sale and acted as a regional level non-executive chairman of AIM quoted SQS Ltd.

The Board is supported by an experienced Senior Management Team including the following individuals:

Senior Management:

Graham George Lenden (Chief Commercial Officer, aged 55)

Mr. Lenden joined Saietta in 2014.

Mr. Lenden has established a long career in luxury automotive and premium brands, building a reputation on delivering growth through robust commercial strategies, coupled with effective operational solutions.

Prior to his time at Saietta, Mr. Lenden consulted at board level for a number of premium brands, across multiple categories between 2011 to 2014. Mr. Lenden joined Rolls-Royce Motor Cars in 2008, to position and launch a new 'Ghost' model line aimed at the supercar consumer. Despite the global financial crash, all targets were delivered and a marked step-change in brand relevance and acceptance achieved.

Prior to that, Mr. Lenden spent eight years at Aston Martin, first as Chief Marketing Officer then as Regional Director for UK and Asia Pacific.

In the mid-1990s, Mr. Lenden spent five years as Global Head of Product Marketing at Bentley, where he laid the foundation for annual sales to grow via new product strategies.

Dr. Christopher ("Chris") Roger Lines (Head of Research & Development, aged 40)

Dr. Lines joined Saietta in 2017.

Dr. Lines is a specialist in the design and simulation of electrical machines, the mathematical modelling of dynamic systems and robust control theory. He was born in South Africa and obtained his BSc and PhD degrees in Electrical Engineering from the University of the Witwatersrand in Johannesburg.

For his undergraduate degree, Dr. Lines was awarded the Chancellor's Medal as the most distinguished graduate of the year in the natural sciences.

During his time in academia, Dr. Lines authored several papers and undertook sessional lecturing and tutoring. In 2004, Dr. Lines began consulting to UK firm Linear Motion Technologies Limited (then Texchange Limited) where he was tasked with developing a control scheme for a linear-motor-actuated elevator, intended for the US Navy's CVN 78 aircraft carrier. Dr. Lines became Technical

Director in 2011 and relocated to the UK in 2013. Dr. Lines was responsible for the design, simulation and optimisation of linear synchronous machines for a diverse range of applications. This included work on the first linear motor propulsion system built by Hyperloop One in 2016.

12. Summary Financial Information

The following financial information for the Company for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Revenue	241,379	160,790	870,966
Gross profit	68,118	129,543	680,930
Gross margin	28.2%	80.6%	78.2%
Operating loss before interest and tax	(913,467)	(1,419,441)	(7,274,063)

13. Current Trading and Prospects

Relative to the last financial year, revenues and gross profits have continued to grow as the Group's contracts established during calendar year 2020 / Q1 2021 generate further engineering design service revenue. The Company anticipates that engineering and design revenues will continue to contribute to the majority of the revenues for the year to 31 March 2022.

In line with the investment received by the Group in March 2021, and in conjunction with its stated strategy, the Group is investing in further headcount and in equipment that is designed to accelerate production capacity and capture further testing revenues. Accordingly the Company is seeing an increase in its cost base relatively to the last financial year.

The Company has received positive responses to the recently announced Commercial Collaboration Agreement with Padmini in India and is encouraged by the level and quality of interest in the China tender process that has been recently launched. Accordingly, prospects for the Group for the current financial year remain in line with the Directors' expectations.

14. Reasons for Admission and the Intended use of Proceeds

The Directors believe that Admission to AIM is an important step in the Company's continuing development and will support it in accelerating its commercial progression to mass production of its AFT motor technology for a range of global market applications. In particular, the Placing and Admission will provide the Company with capital to execute its growth plans, including establishing a motor durability testing facility and contributing to the expansion of a pilot production facility, which will be designed to increase the Company's UK based production capacity to a target of 100,000 units per annum within three years from Admission. In addition to strengthening its balance sheet, the Directors believe that being a publicly listed business will enhance its position with key customer OEMs and suppliers, in addition to providing the Group with greater ability to incentivise and retain key employees going forward.

Furthermore, the Directors believe that the enhanced disclosure and corporate governance regime that will apply to the Group following Admission will give the Group greater credibility in its discussions with key stakeholders, in addition to broadening the Company's shareholder base and provide with it potential access to capital markets to fund future R&D, capital investment, organic growth and acquisitions, as these opportunities arise.

The issue of the Placing Shares will raise net proceeds of approximately £31.9 million receivable by the Company.

The Board intends to use the net proceeds of the Placing receivable by the Company to fund the rapid expansion of the Group's production, testing, engineering, technical asset base, services and intellectual property rights, in the main areas listed below. A significant proportion of the use of

proceeds can be phased and accordingly the Company will look to, where possible, flex the timing of its capital expenditure to match the anticipated ramp up in commercial activity.

Pilot Production Factory – approximately £10 million

- Contribute to the expansion of the Group's existing UK production capacity to a target of 100,000 AFT motor units per year in demand and quality focused stages over approximately three years, which will include investing in the infrastructure and assembly process for the Group's AFT motors. The Group will use this facility to manufacture up to 50,000 AFT motors for its anticipated clients in the EU and USA (direct OEM sales) and up to 50,000 AFT motors as a process definition/pilot plant for its global licensees in Asia, Africa and South America. It is anticipated that this facility will be housed in a leased building.

Motor Durability Test Centre – approximately £7.5 million

- The Group will seek to establish an in-house test centre specifically designed for supporting its vehicle manufacturing clients to speed up time to market by maturing the Saietta tailored AFT solutions faster. Thorough testing from the moment that the first client motors are made by Saietta in the UK will reduce design verification and warranty sign times. This is a key enabler to reach vehicle start of production faster than would otherwise have been the case. The motor durability test centre is intended to be based at the Group's existing Oxfordshire headquarters in a former Hardened Aircraft Shelter and to be operational from late 2021.

Research & development and intellectual property expansion – approximately £4.1 million

- This will initially focus on the design, engineering and optimisation process for the AFT product portfolio, including demonstrating an 'in-wheel' AFT motor in addition to applying AFT to solar and wind applications. To reduce overall system solution cost and create a more integrated and robust package, Saietta will invest into its own integrated inverters and controllers. The focus of these projects, based on market demand, will enable Saietta to expand its IP portfolio and will be able to demonstrate the potential other applications for Saietta's AFT motors and increase its ultimate available addressable market sizes. The Group will also seek to deploy a portion of these funds to invest in significantly expanding its intellectual property portfolio, to best place the Group from a competitive perspective.

Invest in Continental European e-outboard motor provision – approximately £2 million

- Saietta has identified a market niche for 6-25hp equivalent inland outboard motors in and around urban areas and rural regions in the European market. In certain areas government legislation is bringing in total prohibitions of combustion engine outboards from as early as 2025. These products are intended to be lower volume and higher margin than AFT applications for vehicles and hence will be managed through an internal division using manufacturing and distribution partners for the non-motor components.

Invest in a joint venture arrangement to secure long term contracts in the Indian domestic market – approximately £2 million

- Saietta intends to pursue an opportunity with a strategic partner to approach the Indian domestic e-motorbike market via a joint venture arrangement. This will be approached as an extension of its Co-operation Agreement with Padmini – a specialist manufacturer of automotive parts that has successfully supplied Honda, Toyota, Yamaha, BMW, VW and Mercedes amongst others.

Invest in expanding the operational team, with a focus on securing long term contracts – approximately £5 million

- Saietta will look to increase the sales, purchasing, support and administration teams in the UK and other key markets including China. This increased capacity is intended to enhance the progress towards securing material long term licence deals. Additionally, investment will be made into growing the engineering design services capability in order to create revenues in advance of high volume manufacturing. Enhancing the capacity and range of this service function will enable the monetization of the process of integrating Saietta's intellectual property into OEMs' vehicle programmes while optimising cost, reducing components and confirming the battery needs. This service offering leads to the testing function and on to the

manufacturing function. In addition, the service potentially extends to the design of the OEM's motor assembly line and assembly process of their tailored AFT powertrain solution. This one stop shop approach can give OEMs comfort and can help them reach production faster and with reduced engineering and production risk.

Invest in a prototype and demonstration fleet – approximately £1.3 million

- Saietta will acquire an inventory of key production e-vehicles for retrofit of AFT motors in order to demonstrate performance improvement at a reduced component cost. Demonstration vehicles will be deployed in key global markets. Additionally, Saietta will build a number of one-off proprietary prototypes in order to showcase the key element of its product capability, superiority and price competitiveness.

15. Details of the Placing and Admission

The Placing comprises the issue of 29,314,690 Placing Shares by the Company and the sale of 1,935,310 Sale Shares by the Selling Shareholders, in each case at the Placing Price.

The Placing Shares to be issued by the Company will raise gross proceeds for the Company of £35.2 million (before estimated expenses of the Company of £3.3 million).

The Selling Shareholders have, pursuant to the Placing, agreed to sell the Sale Shares, raising gross proceeds for the Selling Shareholders of £2.3 million (before estimated expenses of the Selling Shareholders of £0.1 million).

On Admission, the Company will have a market capitalisation of approximately £102.1 at the Placing Price.

The Company, each Director, Canaccord Genuity and each Selling Shareholder have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, Canaccord Genuity has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares and the Sale Shares at the Placing Price.

The Placing has not been underwritten by Canaccord Genuity.

The placing of the Placing Shares will be conducted in separate tranches to assist investors in the Placing to claim certain tax reliefs available to EIS investors and VCTs.

EIS/VCT Placing Shares will be offered to those investors seeking to claim EIS relief in relation to their subscription and to VCTs. Non-Eligible Placing Shares will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The placing of the EIS/VCT Placing Shares is conditional, among other things, upon the Placing Agreement not having been terminated in accordance with its terms. EIS and VCT investors should note that it is intended that the Company will issue the EIS/VCT Placing Shares before 11.59 p.m. on 6 July 2021 and that Admission is expected to occur at 8.00 a.m. on 7 July 2021 and, accordingly, completion of the Placing of the EIS/VCT Placing Shares is not conditional upon Admission.

The placing of the Non-Eligible Placing Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 7 July 2021 (or such later time and/or date as Canaccord Genuity and the Company may agree, not being later than 8.00 a.m. on 31 July 2021) and not having been terminated in accordance with its terms prior to Admission.

The Placing Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after Admission.

The Placing Shares will, following their issue, represent approximately 34.5 per cent. of the Enlarged Share Capital. The New Shares (being the Placing Shares and Ordinary Shares issued pursuant to the exercise of Options and on conversion of the Loan Notes) will represent approximately 44.5 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 13.1 of Part VI of this document.

16. Lock-in and Orderly Market Arrangements

Lock-in Deeds have been entered into in respect of 65.7% of the Enlarged Share Capital. Under the terms of the Lock-in Deeds entered into by the Substantial Locked-in Shareholders, such persons have undertaken to the Company and Canaccord Genuity that, except in certain limited circumstances considered customary for an agreement of this nature, they will not dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is 12 months from the date of Admission and, for a further period of 12 months following expiry of such 12 month period, only to dispose of their Ordinary Shares through Canaccord Genuity during that period in such a way as to maintain an orderly market.

Under the terms of the Lock-in Deeds entered into by the Minority Locked-in Shareholders, such persons have undertaken to the Company and Canaccord Genuity that, except in certain limited circumstances considered customary for an agreement of this nature, they will not dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is 6 months from the date of Admission.

Further details of the lock-in arrangements under the Lock-in Deeds are set out in paragraph 13.2 of Part VI of this document.

The Company may enter into further share dealing restrictions and orderly market arrangements as deemed appropriate from time to time.

In addition, Amati, which on Admission will hold 9,530,898 Ordinary Shares, representing approximately 11.2% of the Enlarged Shares Capital, has entered into an orderly market deed with the Company and Canaccord Genuity pursuant to which Amati has agreed that it shall not, and will procure that none of its associates shall, dispose of or agree to dispose of, any interest in Ordinary Shares for a period of 12 months following Admission other than through Canaccord, except in certain limited circumstances considered customary for an agreement of this nature. Further details of this orderly market deed are set out in paragraph 13.3 of Part VI of this document.

17. Environmental, Social, Regulatory and Governance Responsibility (ESG)

The nature of the Group's technology focus on facilitating mass market vehicle electrification in areas including polluted cities with large populations affirms the Board's belief that Saietta can make a very positive contribution to improving air quality in much needed locations. Additionally, the Board believes that Saietta's AFT motors achieve their performance and costing goals using a limited amount of rare and precious materials.

The Directors believe that a long-term sustainable business model is essential for discharging the Board's responsibility to promote the success of the Group, its employees, shareholders and other stakeholders of the business. In considering the Group's strategic plans for the future, the Directors proactively consider the potential impact of its decisions on all stakeholders within its business, in addition to considering the broader environmental and social impact as well as the positive impact it can have within the local community the Group operates in.

The Company intends to implement a formal Environmental, Social, Regulatory and Governance Responsibility (ESG) policy, strategy and committee in due course. The committee will monitor the implementation of ESG practices to ensure the Group conducts its business with a view of long-term sustainability for its customers, employees, communities, the environment as well as its shareholders.

17.1 Environmental

London Stock Exchange – Green Economy Mark

The Company is expected to qualify for London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes.

Compelling green credentials

One of the ultimate goals of Saietta is to be a key enabler in supporting and driving the change to electric vehicles, using its AFT motor technology. The Group's AFT motors have been designed to deliver class-leading performance and efficiency for a mass market product and cost, which supports a positive environmental impact. Given the Group's immediate market focus is on the L Category vehicles used in high population density areas in Asia, where the air pollution is often very poor, the Directors believe its AFT motor can not only provide a meaningful solution to personal or last mile delivery travel, but also help to bring positive change and provide OEMs with a sustainable electric motor solution which should benefit its environment.

Furthermore, the Group is also currently looking at other applications for its AFT, including using the AFT motor to power smaller (up to 35hp) marine engines, wind turbines and solar powered water pumps for irrigation systems.

The Saietta Axial Flux Technology is modular and scaleable, and is suitable from low voltage uses (e.g. solar, wind, scooters, last mile delivery) to high voltage uses (e.g. busses, in-wheel e-motors and ultra large-scale wind energy/ generators). Developed in the UK, all based on the same patent pending technology and suitable to be made around the world to actively support the electrification of a wide variety of energy consumptive motor functions and generators.

Additionally, the Saietta Axial Flux Technology is designed to significantly increase the overall efficiency of electric vehicles. This means that fewer batteries will be required, and the impact of future battery recycling is one of the key drivers why the Saietta team persevered to reach mass volume pricing for Axial Flux Technology.

Net zero carbon emission UK pilot factory

It is the Directors' ambition for its Oxfordshire headquarters be net zero with regards to carbon emissions in the coming years. The Directors place great importance on being able to produce its AFT motors in a sustainable and environmentally friendly way. The Group plans to achieve a net zero carbon emission facility by:

- Installing energy generating solar panels and battery banks to power the Group's production facility on a CO₂ neutral basis in line with COP26; the Directors believe doing so should help to demonstrate to the Group's global licensors that it is possible for them to also adopt the same philosophy when scaling up the Saietta production setup in Asia, Africa and South America for mass adoption.
- Designing the durability test centre to test motors back to back. This means one motor consumes the power and the other regenerates the power. Testing two motors in this arrangement requires only the energy losses to be supplied from the main grid. It is Saietta's intention to provide this power to the test centre through onsite solar power and battery banks.
- Actively steering the Saietta AFT IP towards power generation (water, wind etc), and purchasing green power back to maintain the CO₂ neutral status for the whole UK headquarters.
- Optimise the heating system of the UK headquarters and banning conventional high energy consuming air conditioning systems.

The Group also seeks to meet all relevant environmental legislative requirements on its business in addition to seeking to reduce any excess packaging in order to reduce costs to the Group, whilst providing an environmental benefit, in addition to recycling packaging and internal waste where possible.

Materials & manufacturing processes

The Group's AFT motor contains a number of metals such as an aluminium casing, steel drive shaft, copper coils and rare earth materials such as those which go to making magnets. Whilst the Group is unable to avoid using these materials at this stage, it endeavours to purchase its core metals from sustainable and reputable providers. In addition, the Group is focused on ensuring there is minimal material wastage during the manufacturing process, with the copper shipped in standard sizes and is wound on site to ensure minimum unnecessary travel. Furthermore, the Group uses magnets within its AFT motor, but due to the motor's unique design, these magnets do not

need to be cut further or shaped, minimising any potential wastage and additional manufacturing process.

Saietta's core business model is to bring real electric solutions to the global market and to stimulate local manufacturing by making the technology available under manufacturing licences.

Employee access to electric vehicles via salary sacrifice scheme

Given the Group's focus on supporting and driving forward the global electrification of motor vehicles, the Directors intend to provide certain employees and Directors of Saietta with the option to participate in a salary sacrifice scheme to provide access to drive a fully electric (zero-emissions) company car. The cost is deducted before tax and national insurance contributions. The Directors believe this not only provides a benefit to the employee who gets access to a new car with reduced fuel costs, but also benefits the environment with zero emissions, provides tax and national insurance contribution savings and increases employee engagement and retention. The Group is planning to make arrangements with charging providers to install their systems at Saietta's premises and promote their product. The Company can use these solar panels and battery banks with the aim to facilitate sustainable home to work commuting. Again, the aim is to show that this is possible and to stimulate our global licence partners to do the same in their home countries.

Supply chain

Saietta will only source sustainable and ethical raw materials, and will make the best use of local suppliers where possible.

17.2 Social

Health, safety and training

The Group places significant value on its staff who are fundamental to the Group's ability to offer high levels of research & development, engineering development and customer service. The Group is committed to ensuring their safety via employee handbooks, training and documented health and safety standards. This has been particularly important during the COVID-19 pandemic and the Group has ensured the correct protective clothing, equipment and social distancing practices have been implemented under Group policies.

The Group also invests in formal and informal training to develop the Company's staff at all levels. The Group is committed to employment policies which follow best practice and endorses the application of equal opportunities to provide fair and equitable conditions for all of the Group's people.

COVID-19 has also taught Saietta that flexible/home working can improve efficiency. Staff can work from home when work load allows, or as often as the case work load allows. This improves staff safety, reduces traffic on the road, reduces energy consumption and can improve the work/home balance.

New jobs and diversity in the UK

The Group is committed to building out its current presence at its Oxfordshire facility and its ambition is to grow its employee basis to over 150 people by Q3 of 2023. These jobs will consist of a mixture of technical and non-technical roles and the Company will seek to employ a broad range of people. The Group and its Directors places a great importance on employee diversity.

The Group will also seek to secure additional government grant funding and/or loans to support the further growth of the employee base and to implement the Company's sustainability targets faster.

17.3 Regulatory

Saietta is not currently required to comply with any specific automotive safety regulations. However, the Company fully intends to comply with any relevant standards as they become applicable to Saietta in the future.

17.4 Governance

Following Admission, the Board will comprise five Directors, of which two are Executive Directors and three are Non-Executive Directors.

The Directors also recognise the importance of sound corporate governance and, following Admission, have taken account of the requirements of the QCA Code to the extent that they consider appropriate having regard to the Company's size, board structure, stage of development and resources. In addition, the Group operates anti-money laundering, anti-bribery and whistle-blowing policies to ensure it operates in an ethical and sustainable manner.

The Directors note that with effect from 28 September 2018, all AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so.

On Admission, it is anticipated that the Group will comply with all of the Principles set out in the QCA Code. Further details of the Group's compliance with the QCA Code are set out in Part V of this document and, from Admission, details will be available on the Company's website at <https://saiettagroup.com>.

Notwithstanding that the UK Corporate Governance Code does not apply to the Company, the Company intends to comply with its recommendations for a "smaller company" (defined in the UK Corporate Governance Code as being a company that is outside the FTSE 350, as the Company will be), that it should have at least two independent non-executive directors. As of the date of Admission, the Board will consist of two independent non-executive Directors (including the Chairman), one non-executive Director and two executive Directors. The Company regards Tony Gott and David Wilkinson as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any relationship that could materially interfere with the exercise of their independent judgement. It is the Company's intention to appoint a further independent non-executive director to the board of directors in due course.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit committee, a nomination committee and a remuneration committee with formally delegated rules and responsibilities.

Remuneration Committee

The Remuneration Committee, which will comprise Tony Gott (as chairman), with its members consisting of David Wilkinson and Emmanuel Clair, will meet at least twice each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Audit Committee

The Audit Committee, which will comprise David Wilkinson (as chairman), with its members consisting of Tony Gott and Emmanuel Clair, will meet not less than three times a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The Audit Committee will also consider, manage and report on the risks associated with the Company as well as ensuring the Company's compliance with the AIM Rules and UK MAR concerning disclosure of inside information.

Nomination Committee

The Nomination Committee, which will comprise Emmanuel Clair (as chairman), with its members consisting of Tony Gott and David Wilkinson, will meet at least twice each year. This committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively as well as being responsible for the annual evaluation of the performance of the Board and of individual directors. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors.

18. Dividend Policy

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may in future approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the development of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

19. Share Dealing Policy

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors and the senior management and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons closely associated with them do not abuse, and do not place themselves under suspicion of abusing, unpublished price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of financial results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

20. Share Option Schemes

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

The Company's EMI Plan and the unapproved option arrangements described below will cease to be open to new awards following Admission. Immediately prior to and from Admission, staff and key contractors will be incentivised through the Long Term Incentive Plan (LTIP) and the Consultants Long Term Incentive Plan (CLTIP). Awards under the LTIP and CLTIP in aggregate will not exceed 10% of the Company's issued share capital from time to time (awards prior to Admission under the EMI Plan or any other option arrangements will not count towards this dilution limit).

EMI Plan

The Company currently operates the EMI Plan, under which certain of the Directors and the Group's employees (former and present) currently hold options over a total of 12,803,041 Ordinary Shares. The interests of the Directors in options granted under the EMI Plan are set out in paragraph 7.2 of Part VI of this document. Further details of the EMI Plan are set out in paragraph 12.1 of Part VI of this document.

Unapproved Option Agreements

In addition to options granted pursuant to the EMI Plan, the LTIP and the CLTIP, options have been granted over a total of 2,164,055 Ordinary Shares to certain advisers and consultants to the Company and other non-employees pursuant to unapproved option agreements.

Long Term Incentive Plan

The Company has adopted the new LTIP. On or around 6 July 2021, options over a total of 3,850,000 Ordinary Shares will be granted to the Directors and employees pursuant to the LTIP. If Admission has not occurred by 31 July 2021 the options will lapse. The interests of the Directors in options granted under the LTIP are set out in paragraph 7.2 of Part VI of this document. Further details of the LTIP are set out in paragraph 12.2 of Part VI of this document.

Consultants Long Term Incentive Plan

The Company has adopted the new CLTIP. Further details of the CLTIP are set out in paragraph 12.2 of Part VI of this document.

21. EIS and VCT status

The Company has applied for and received advance assurance from HMRC to the effect that the EIS/VCT Placing Shares will be 'eligible shares' capable of constituting a qualifying holding for EIS Relief purposes, and that subject to receipt of a satisfactory compliance statement from the Company, the EIS Shares are capable of satisfying the requirements for EIS Relief. This advance assurance is expected to apply only in relation to the EIS Shares. Further information on EIS and VCT status is set out in Part II (Risk Factors). For the avoidance of doubt, any investor who is an Existing Shareholder will not be entitled to claim EIS Relief on a new investment in the Company.

22. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 19 of Part VI of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

23. The City Code

The City Code applies to the Company. Under the City Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate interests of the acquirer and its concert parties to 30 per cent. or more of the voting rights in the Company, the acquirer and, its concert parties would be required to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Panel, any person (together with persons acting in concert with him) who is interested in Ordinary Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which he is interested.

Further information on the provisions of the City Code can be found in paragraph 6 of Part VI of this document.

24. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

25. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 7 July 2021. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive EIS/VCT Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 6 July 2021. In the case of Placees who have requested to receive EIS/VCT Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 business days of the date of issue.

In the case of Placees who have requested to receive Non-Eligible Placing Shares or Sale Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 7 July 2021. In the case of Placees who have requested to receive Non-Eligible Placing Shares or Sale Shares in certificated form, it is expected that share certificates will be despatched by post within 10 business days of the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

26. Further Information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part VI of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it operates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE GROUP'S BUSINESS

Risks relating to the application of the Group's technology and product development

Saietta has successfully completed the initial development and testing of its AFT 140 launch motor variant, which the Directors believe will be well positioned to serve Saietta's target markets. However, with all new technologies, applications and products, the Group does not have an established track record or knowledge base of how the Group's products will perform in real world environments over a medium and long term. The Company has undertaken detailed internal and external testing of its AFT 140 launch motor, with the Company's performance expectations substantiated through this testing. Nevertheless, there is no guarantee that Saietta's AFT motors will perform as expected and the performance could be impacted by a large variety of factors, including but not limited to, real world use, damage, environmental factors or poor maintenance.

The Group also expects to initially produce its AFT motors on a low volume and low automation production basis and seek to move to higher volume and onto mass production, with higher levels of automation in time. However, given the Company'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.

Furthermore, the Group's products could also be adversely impacted by the development of alternative motor technologies as a core attribute of next generation vehicles. There can be no assurance that the Company's products will not be rendered obsolete before they gain market traction in their target markets. In addition, there is no guarantee that the Company will be able to adapt existing technology for future use cases.

Risks associated with the manufacturing process and production volume expansion

Saietta is currently producing its AFT 140 launch motor on a low volume production basis at its facility in Oxfordshire. To the end of May 2021, Saietta has built approximately 50 AFT 140 motors

and expects to scale this significantly over the coming months and years through the construction of the Pilot Production Factory, seeking to achieve an annual output of up to approximately 100,000 motor units within three years of Admission. Whilst the Directors are confident that this production volume can be achieved within this time frame, there is no certainty the Group will be able to scale up its production to this level or the ramp up maybe subject to delays. It should also be noted that the Company will require further funding in addition to the net proceeds of the Placing in order to complete the construction of the Pilot Production Factory. There can be no guarantee that such funding will be available on a timely basis, on favourable terms, or at all.

Furthermore, 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, linked for example to the typical challenges associated with implementing a new technology into commercial ramp up, or other challenges. The Directors will seek to minimise this risk by working with an established OEM partner or partners that have a strong track record in producing automotive parts on a mass market scale. However, to the extent that the Company or its partners are unable to adequately scale production, its business, growth and financial condition may be adversely affected through an impaired ability to meet the demands of new and existing clients.

The Group will need to scale up production volumes to meet anticipated commercial opportunities

The Group intends to further expand and automate certain of its manufacturing processes in order to increase capacity, scale the business and meet anticipated future demand. There is a risk that this takes longer than expected. Delays could arise in the installation of the equipment, its commissioning could take longer than expected and equipment may not work as expected. Any delays in automated capacity coming on stream could negatively impact Group sales and it cannot be guaranteed that all the anticipated scale-up in manufacturing capacity and associated benefits of automation will be achieved. If the volume requirements are not met, it could materially and adversely affect the business, results of operations and financial condition.

Risk associated with a limited period of operating history and history of losses

The Company was incorporated in 2008, but only recently pivoted to its new focus in 2017 and therefore the Group only has a comparatively short relevant operating history, which makes an evaluation of the Company's business and prospects difficult. In particular, the Company has generated limited revenue from AFT motor sales so far due to developing the technology and has incurred net losses to date. The Company's development programme and growth plans, in relation to its commercial activities, including the proposed expansion of staffing levels, together with anticipated general administrative expenses, could result in the Company sustaining significant losses for the foreseeable future. In addition, there are risks associated with such expansion, not least because of the need to control the operating expenses in the period when significant income is starting to be generated.

The Group's most recent revenue streams have been predominantly from a small number of customers purchasing engineering and design services. The Group anticipates that these relationships will continue to be the main source of revenue in the near term before more material motor sales and licensing deals are secured.

The Group's future expansion and profitability are dependent on a variety of external factors, including licensing its technology, products and intellectual property with relevant potential OEM partners

The ability for Sietta to generate sales for existing or new products will depend upon many factors, some of which are beyond the control of the Group, including market acceptance of its technology and products, the ability to manufacture and price products at levels competitive with alternative products, the availability and suitability of OEM partners for licensing arrangements, downturns affecting industries into which the products are sold and the availability and price of raw materials.

Among other factors, no assurances can be given that:

- the products will achieve or sustain revenue growth or profitability;
- enhancements to products and further applications can be successfully developed;
- demand for and market acceptance of products and enhancements will grow or continue; or

- the products of the Group will successfully compete with the products of others.

To the extent that demand for the Group's products does not develop or continue due to competition, negative assessment by customers of the financial resources and expertise of the Group, technological change or other factors, the results of operations will be materially and adversely affected.

Furthermore, a material proportion of future potential revenues and profits is expected to arise from income streams not currently or fully established, given the limited operating history of the Group. As a result, selecting the right OEM partner or partners will be critically important to the future success of the Group, in particular given the medium to long term nature of any licensing agreements the Group will seek to sign.

There can also be no guarantee that the Group's pipeline of customer opportunities will materialise as expected and the income from potential OEM partners may not materialise as expected. In addition, the Group will be heavily reliant on selecting the right distribution, OEM and other operating or joint venture partners in order to increase sales and profitability through both licencing and joint venture arrangements. There can also be no guarantee that the Group's distribution, OEM and other operating or joint venture partners will generate or contribute the expected sales or profits to the Group and therefore, the selection of the right partner will need to factor in the available resources of the partner, alignment between the partner and Saietta, as well as the commitments in volumes, levels of representation and agreement term.

In particular, the Group will initially be reliant on its Commercial Collaboration Agreement with Padmini and the expected income streams flowing into the Group in the future. The Directors believe Padmini is a strong and compelling partner for the Group. However, the relationship and the Commercial Collaboration Agreement remain in the early phase. If Padmini does not generate the expected sales or income stream due to Saietta, the Group's business and its financial condition will be materially impacted. Also, as noted above in this document, through its Hong Kong presence, Saietta intends to offer a China domestic regional licence for tender during 2021. However, there is no guarantee that this tender will result in the successful conclusion of a licensing arrangement.

Where appropriate partners are not sourced or do not fully align to the Group's expectations, this will result in a materially and adversely affected impact on the Group. In this instance, the Directors will seek to mitigate this impact by working with a number of partners as well as producing its own low volume production, however this may not fully mitigate for any lost income or profitability.

Limited negotiating power with large scale OEMs

Given the current scale of the Company, Saietta may have limited negotiating power with tier one or large scale global OEMs, which may affect the potential revenues or profitability of future agreements, and as a result impact the Group's expected growth and expansion plans.

The Group's entry into new markets and growth strategies pose operational and financial risk

A key element of the Group's proposed growth strategy will be to enter into new geographic and product markets, using its AFT motor technology as a significant point of differentiation. Because of this, the Company's operating results could be materially adversely affected by a variety of uncontrollable and changing factors linked to expansion challenges, including:

- 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 business and financial results depend on maintaining a consistent and cost-effective supply of parts and materials from key suppliers

The Group currently maintains a network of suppliers for the parts and materials necessary to manufacture its products. However, in some cases the Group is only able to source certain parts or materials from a limited number of suppliers throughout the world. If for any reason, such suppliers ceased or became unable to supply the parts or materials required for the Group's products, the

Group may not be able to find an alternative source or supply or may not be able to negotiate such supply on terms that are substantially similar to those on which the parts or materials were previously supplied. Furthermore, any shortage in supply or other failure to obtain parts or materials in sufficient quantities could have a material adverse effect on the Group's business and financial condition. The Group will seek to mitigate this risk by seeking to dual source materials where possible, but this may still not reduce any impact of global demand shortages, quality, cost or availability of supply, which would impact the Company's performance and financial position.

Additionally, the raw materials used in the construction of the Group's products are primarily comprised of metallurgical commodities which may be subject to price fluctuation and/or geographical or geopolitical supply constraints.

COVID-19 – impact on the Company

The Group has responded to the COVID-19 pandemic in accordance with government guidelines in all jurisdictions that it operates, mainly being in the UK and the Netherlands where it has a larger office presence, and will continue to do so. Where such guidelines present limitations on operational activity, the Group will experience resultant impacts on production capability and volumes. If such limitations are significant and prolonged, the impacts could have a material adverse effect on the Group's business and financial condition. Whilst at the date of this document COVID-19 lockdown measures are easing in the UK, a high degree of uncertainty remains over any potential future impact of COVID-19 and any changes that may occur as a result which could impact the Group's trading.

COVID-19 – impact on suppliers and partners

The Group purchases supplies and operates with partners across the world. In certain circumstances these suppliers and partners are located in countries which at the time of the publication of this document are experiencing surges in COVID-19 infection rates, in particular India. In such countries, it is expected that governments will mandate restrictions accordingly and such restrictions may impact either supply to or sales to or from Saisetia. If such restrictions are significant and/or prolonged, the impacts from this could have a material adverse effect on the Group's supplier and partners which in turn could materially impact the Group's business and financial condition going forward. Furthermore, if there is prolonged lock down in the Group's target markets, demand for its products may reduce as people seek to stay at home.

Risks related to the loss of key operating sites

The Group's products are currently manufactured at its leased facilities in Upper Heyford. A wide variety of events could disrupt or cease the Group's manufacturing capability at these sites. In the event that the operation of the sites is impaired for any reason, irrespective of the adequacy of insurance cover, the Group could experience delays in production and loss of sales until alternative facilities were sourced and equipped.

Furthermore, the Group's existing lease terms are due to expire in 2025 and future renewal terms are yet to be agreed. It is the Group's intentions to stay at the existing facilities if agreeable terms can be reached, however if this cannot be achieved, the Group may seek to secure alternative facilities elsewhere. Whilst the Directors are confident that alternative facilities could be found if needed, securing such facilities could impact the business through production delays and costs increases for example which in turn could impact the viability of the business going forward.

Infrastructure developments for the Motor Durability Test Centre and Pilot Production Factory are significantly larger projects than previously undertaken by the Group, reliant upon planning permissions and efficient timely completion of contracted building works

The Group's future revenue streams depend upon large infrastructure developments with regards to a motor durability test centre and a pilot production factory. Both projects are complicated multi-faceted infrastructure developments, requiring co-ordinated dedicated resource to plan, deploy and monitor in order to achieve cost effective, efficient and timely completion. If the facilities are to be constructed at the Group's current premises at Heyford Park, landlord consent as well as planning permissions will be required, neither of which are guaranteed.

Delays or cost overruns in completion of these infrastructure projects could impact the timing or ability to generate revenues, whereby the results of operations would be materially and adversely

affected. It should also be noted that the Group has not entered into any contractual arrangements concerning these projects and therefore the associated timing and costs to complete them may differ from the Company's current expectations.

Disruption affecting the Group's manufacturing capabilities may result in delays in production and loss of sales.

The Group builds products at its premises at Heyford Park, Oxfordshire. Various events could disrupt the Group's manufacturing capability at this site, including interruption to power supplies, industrial accidents, fire, and failure of equipment and facilities. In the event that the operation of the site is impaired for any reason, irrespective of the adequacy of insurance cover, the Group could experience delays in production and loss of sales.

In addition, the Group relies on some specialist equipment which for certain of its products may have long lead times and may not be readily replaceable. In the event that such equipment were to be damaged or failed to operate, the Group may not be able to replace such equipment in a timely manner. Such delays could have a material adverse effect on the Group's business and financial condition.

Occupational health and safety risk

The Group operates in an industry that is subject to state and local government regulation relating to health and safety in all of the jurisdictions in which it operates and the Group provides a work environment that fully complies with the occupational health and safety regulations accorded to manufacturing companies across these jurisdictions. Such requirements continue to expand and cannot fully prevent all incidents. Irrespective of the adequacy of insurance cover, the Group could experience disruption and claims related to incidents regardless of cause which could have a material adverse effect on the Group's business and financial condition.

Reputation with key OEMs and partners

The Directors believe that the reputation and the quality of Saietta's brand will over time play an increasingly important role in the success of the Group. The Saietta brand may be negatively affected by any negative publicity, regardless of accuracy. This includes any negative commentary on social media platforms, including weblogs, social media websites and other forms of internet based communications that provide individuals with access to a broad audience of consumers and other interested parties. Any incident that negatively affects customer loyalty towards the Saietta brand could have a material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

Vehicle safety

The Group's products and services relate to AFT motors being embedded into motor vehicles, which by their nature can be dangerous, given vehicles travel at speed and are controlled by the vehicle drivers. The Group's products may be involved in accidents, potentially resulting in physical or reputational impacts on the Group's AFT motors and in turn negatively impacting on the Group's revenues and financial position.

Currency fluctuations, foreign exchange controls and export-based requirements will affect the Group's financial condition and result of operations

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's expansion plans will also expose it to potential risks associated with export sales, including:

- governmental embargoes or foreign trade restrictions;
- changing government regulations;
- tariffs or other trade barriers; and

- difficulties in receivables collections.

Any or all of these risks could materially and adversely affect the business, results of operations and financial condition.

The Group's success depends upon its ability to attract and retain key officers and employees

The Group is substantially dependent on the continued performance of senior management. The loss of senior management could seriously harm its business, particularly in relation to the research and development and commercial functions of the business. The Group also depends on its ability to identify, hire, train, retain and motivate personnel. Competition for appropriately qualified, skilled and experienced personnel is intense, and the Group may be unable to successfully attract, assimilate or retain such personnel. Failure to retain and attract such personnel could materially and negatively impact the Group's business, operating results and financial condition.

Increases in R&D spend may impact profitability

In order to remain competitive, the Group will need to update and develop its technology and its applications and apply patent protection whenever necessary. The process of updating its technology could result in increased costs and the level of the Group's investment may therefore affect the Group's profitability. Whilst the Group has taken steps to ensure that appropriate tax credits are received to offset the costs of research and development, increases could materially and adversely affect the Group's operational results and financial condition.

In addition, continued development of additional products will be required. There can be no assurance that any of the Company's product candidates will be successfully developed or commercialised. The Company may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop products of sufficient quality and at low enough cost. Furthermore, there can be no assurance that any of the Company's developed products will successfully complete any applicable regulatory certification or testing process or that they will meet the regulatory and production requirements necessary for commercial distribution. If the Company's development programme is curtailed due to any of the above issues, this may have an adverse material effect on the Company's business and financial conditions. In addition, additional investment into R&D may not automatically translate into additional valuable intellectual property or working products and whilst increasing R&D spend may be the decision taken by management, it could result in less funds being available to the Company to invest in other parts of the Group's business.

The Group may not be able to sustain its level of grant money funding from Government bodies – grant money could either be withheld or be liable to recall

The Group has been the recipient of significant government grant funding, primarily for research and development purposes. Under the terms and conditions of such grant funding, the grant provider may under certain circumstances withhold payment or demand repayment of any such funding. To the extent that funding provided to the Group was withheld or the Group was forced to repay such grant funding, this could have a material adverse effect on the Group's business, profitability and financial condition.

Potential requirement for further investment

The Group will require additional capital in the future for expansion, its activities and/or business development, whether from equity or debt sources, for example, in relation to the construction of the Pilot Production Factory. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, material dilution to the then existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion, activities and/or business development which could adversely impact upon the Group, its business, development, financial condition, operating results or prospects.

European Union

The United Kingdom exited the European Union on 31 December 2020 (commonly referred to as “Brexit”). Brexit which has created significant political, social and macroeconomic uncertainty for the United Kingdom and Europe and could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Worsening of general economic conditions in the UK could significantly affect the Company’s activities.

In addition to the general economic risk that Brexit poses to the Company’s business, withdrawal from the European Union may inhibit the Company’s ability, and the ability of its suppliers, to source the supplies required for the Company’s operations. Disruptions to the Company’s supply chain may deprive the Company of certain components or raw materials, which could impair the Company’s operations and result in a material adverse effect on the Company’s business, prospects and financial position.

Additionally, a disruption to the Company’s supply chain, and the need to find alternative sources of components or raw materials may result in significantly higher prices for certain products necessary to the Company’s daily operations and adversely affect the Company’s business, prospects and financial position.

While the Company can implement contingency plans in anticipation of potential disruptions on its supply chain, (i) there is no guarantee that such contingency plans would be effective for all products required for the Company’s operations and (ii) the implementation of such contingency plans may result in additional costs for the Company.

Internal management controls

The Company considers that the operational, financial and management controls and procedures in place at Admission will be appropriate and effective for the scale and stage of development of the Group at that time. However, future growth and prospects for the Company will depend on its management’s ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group’s growth could have a material adverse effect on the Group’s business, financial condition and results of operations.

Data and security

The Group is reliant upon electronic information systems to collate, share and store data utilised in operating, monitoring and recording its commercial activities. Whilst specific physical and cyber-security procedures and replication systems exist to address any loss, corruption or attempted misappropriation of such data, the risk remains that such systems could be breached. To the extent that such a breach impacted the operations of the Group, this could have a material adverse effect on the Group’s business and financial condition.

Operating costs

The Group expects to incur significant expenses in connection with the expansion of its business. The Group’s future funding requirements will depend on many factors, including its ability to maintain and expand its customer base, licencing arrangements, sales, cash flow, control of costs and the rate of market acceptance of its products. Some factors are outside of the Group’s control. Adverse changes in these factors could cause restrictions to be placed on the Group’s future financing and operating activities, which may in turn have a material adverse impact on the Group’s financial condition, business, operating results and prospects.

RISKS RELATING TO INTELLECTUAL PROPERTY

The Group may not be able to enforce its intellectual property rights, and others may claim that the Group is infringing their intellectual property rights

The Group will rely on a combination of patents, copyright, trademarks, design registrations and trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. These measures will provide only limited protection and the Group may not be able

to detect unauthorised use or take appropriate steps to enforce its intellectual property rights. Factors that could affect its ability to protect its intellectual property rights include the following:

- laws and contractual restrictions may not be sufficient to prevent misappropriation of the Group's technology or to deter others from developing similar technologies;
- effective patent, trademark, copyright and trade secret protection may be unavailable or limited in certain countries; and
- policing the unauthorised use of the Group's products and trademarks is difficult, expensive and time-consuming and the Group may be unable to determine the extent of any unauthorised use.

The Company has a number of outstanding patent applications. While the Directors are confident that these applications will lead to granted patents, there can be no guarantee that this will be the case. The following risks should be noted as to why the above patent applications may not result in granted patents:

- Separate patentability searches are performed nationally after applications are filed in the various desired countries. If relevant new prior art is found, a national patent office may raise new objections to the national application, which could impact the other national applications.
- Most patent offices provide a mechanism for third parties to file objections against pending patent applications. The patent office will usually require the applicant to address the issues raised before they will grant a patent.
- Once a patent is granted it can still be challenged by third parties.

Any failure or inability to protect patents or other intellectual property could adversely affect the Group's ability to manufacture and sell its products, to market its products and compete effectively

The Group's commercial success will depend, to a certain extent, on its ability to operate without infringing patents and proprietary rights of third parties. A number of companies may have filed patent applications or may have been granted patents that cover technologies that purport to be similar to the technologies owned by the Group. In addition, other parties may duplicate, design around or independently develop similar or alternative technologies. If another party controls patents or patent applications with competitive or conflicting claims to the Group's own patents, the Group may be enjoined from pursuing research, development or commercialisation of certain products.

Freedom to operate investigations procured by Reddie & Grose have identified that there is a real but low risk of the Company infringing third party patent rights in relation to the commercialisation of the AFT in China, the US and Japan. Further details are provided in the Patent Report, a copy of which is reproduced in Part IV of this document.

Although the Directors believe, save as detailed above, the Group's products and technology do not infringe on any proprietary rights of others, any infringement claim against the Group, with or without merit could result in costly litigation or might require the Group to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Group, if at all.

Furthermore, the Group will rely on a combination of trademark and trade secrecy laws, patents, confidentiality procedures and contractual provisions to protect intellectual property and rights in the Group's brands. Any event that would jeopardise the Group's proprietary rights or any claims of infringement by third parties could have a material adverse effect on the Group's ability to market or sell the brands, profitably exploit the products or recoup associated research and development costs.

Some of the Group's patents may expire earlier than expected and patents applied for may not be granted

All patents have a limited duration of enforceability. Once a patent expires the invention disclosed in the patent may be freely used by the public without accounting to the patent owner, as long as there are no other unexpired patents that embrace an aspect of the invention. Whilst the Group has five published patent applications which it is pursuing, the Group also seeks to patent improvements, new uses, or new inventions relating to its products. However, there is no certainty that any improvement, new use, or new formulation will be patented to extend the protection of the

underlying invention, or provide additional coverage to adequately protect the invention. As a result, the public may have the right freely to use the invention if a patent is not granted or expires and is not renewed for any reason.

RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

Risks related to the Group's target markets

The Company's success and ability to compete are dependent on underlying technologies which the Company has accessed, developed or may develop in the future. There is a risk that the technology that the Company has accessed, developed or may develop in the future may not work as well as planned or that the marketing of the technology may not be as successful as the Company hopes. Further, the markets in which the Company competes, or plans to compete, are characterised by constantly and rapidly changing technologies and technological obsolescence. The Company's ability to compete successfully depends on the technological and creative skill of the Company's personnel, consultants and contractors and their ability to design, develop, manufacture, assemble, test, market and support new products and enhancements on a timely and cost-effective basis to satisfy the demands and expectations of customers. There is no assurance that the Company will be able to do this. Any failure to anticipate technological changes, to develop, use or procure new technologies, or to react to changes in existing technologies could materially delay its development of new products or enhancements.

The business of the Group exposes it to potential product liability risks. Product liability claims brought against the Group may increase insurance rates and result in inability to secure coverage

The business of the Group may expose it to potential product liability risks inherent in the research, development, manufacturing, marketing, sale and use of its products and future products. The Group has product liability insurance in place. While the Directors believe the current levels of coverage are sufficient for its current products, there can be no assurance that the level of insurance carried, now or in the future, will be adequate to cover the financial damages that may potentially result from a product liability claim or judgment.

If the Group is unable to maintain insurance at an acceptable cost or otherwise protect against potential product liability claims, it will be exposed to significant liabilities, which may materially and adversely affect its business and financial position.

The move to EV adoption in Saietta's target market will require the need for significant local investment into the infrastructure

Whilst there has already been significant rhetoric towards adoption of EV technology in Saietta's target markets and whilst significant investment in infrastructure has already begun, the full realisation of such technology will depend on continued local investment in EV adoption.

If such investment were to cease or alternative technologies were to be radically deployed to the detriment of EV adoption, such changes could have a material adverse effect on the Group's business and financial condition.

Some competitors are larger with access to greater financial and technical resources and the Group may not be able to compete successfully and competitors may develop alternative product

The markets for the Group's products are constantly evolving. Potential competitors may arise with well-established reputations and market acceptance for their competing products and may have substantially greater financial, technical, personnel and other resources than the Group does.

Reliance on financial strength of key OEM partners

The ability to establish a market for the brand and products of the Group in new geographic distribution areas as well as to maintain and expand its existing markets will rely upon selected key OEM partners. The marketing and sales strategy of the Group will depend upon the availability and performance of the Group's OEM partners, which in turn is reliant upon their own financial strength. To the extent that such financial strength is diminished, there could be a material adverse effect on the Group's business and financial condition.

Reliance on competitors not coming out with new breakthrough technology

The markets for the Group's products are constantly evolving. Competition from companies that manufacture and market similar technologies may increase and new emerging or breakthrough technologies may arise which present significant competitive threat to the Group. Whilst these competitors may not be able to match the Group in terms of the quality or performance of its products, some customers may not appreciate the factors which differentiate the Group's offering. In such circumstances, the loss of sales could have a material adverse effect on the Group's business and financial condition.

Risk to the Group due to legislative changes in the regions the Group operates within

As with other companies and businesses with operations that span a number of territories, the Group is subject to a variety of often complex national tax laws, compliance procedures and other regulatory requirements, together with varying approaches taken by local and national authorities towards cross-border transactions involving goods.

Furthermore, the Group may be required to obtain a number of approvals, licences and permits to operate its business. There can be no assurance that the various supranational and governmental agencies responsible for granting such licences, approvals or permits will do so in a timely manner.

To the extent that such requirements are not met or delayed a material adverse impact on the Group's financial condition, business, operating results and prospects could arise.

Reputation is important in winning contracts and the industry in which the Group operates may suffer reputational issues as a result of the large number of new entrants

The industry may from time to time suffer reputational issues as a result of the large number of new entrants who may not have the resources or inclination to produce and sell products which incorporate the safety and quality features of the Group's products.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Investment risks

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general business, political, social and economic conditions; variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Group or its competitors; acquisitions or joint ventures entered into by any of the Group's companies; any shortfall in turnover or net profit or any increase in losses from levels expected by securities

analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Group, the Ordinary Shares will rank behind any liabilities of the Group and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet the prior entitlements of creditors.

Future sales of Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing shareholders were to sell, or if the Group was to issue a substantial number of shares in the market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to sell equity securities in the future at a time and price that it deems appropriate.

The Group's ability to pay dividends in the future is not certain

The Group does not intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability or profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Further issuances of Ordinary Shares may be dilutive

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Group, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Group may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further ordinary Shares under a pre-emption offer, existing Shareholders' proportionate ownership interest in the Group will be diluted. In addition, a further issue of Ordinary Shares by the Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of those Shareholders that do not participate in that additional issue.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US

Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Valuation of Ordinary Shares

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Group and may not relate to the Group's net asset value, net worth, or any established criteria or value. Although application has been made for the Ordinary shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

Market perception

Market perception of the Group and/or the Group may change, potentially affecting the value of investor's holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

The Ordinary Shares will not be admitted to the Official List

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this document. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List.

Although the Group is applying for the admission of its share capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Risks relating to EIS and VCT relief

The Company has applied for and received advance assurance from HMRC that the EIS/VCT Placing Shares will be "eligible shares" capable of constituting a qualifying holding for EIS Relief purposes and that, subject to the receipt of a satisfactory compliance statement from the Company, HMRC would be able to authorise the Company to issue "compliance certificates" under the EIS Legislation for the purposes of enabling qualifying individual investors to apply for EIS Relief in respect of their subscription for Ordinary Shares. This advance assurance applies only in relation to the EIS/VCT Placing Shares.

The HMRC advance assurance in connection with EIS was sought on the basis of the legislation as enacted at the date that the advance assurances and confirmation were given, and on the basis of the facts set out in the application made to HMRC. In the event of any change to the legislation, any alteration to the Company's position or the rights attaching to the EIS/VCT Placing Shares, or if HMRC were to consider that all material facts were not set out in the application, the advance assurances and knowledge-intensive company confirmation given by HMRC may not apply.

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the EIS/VCT Placing Shares, and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for EIS/VCT Placing Shares in the Placing. The availability of EIS Relief and the status of the relevant EIS/VCT Placing Shares as a qualifying holding for VCT purposes will be conditional on (amongst other things) the Company and the investor both continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS/VCT Placing Shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS/VCT Placing Shares will comply with the requirements of the EIS Legislation at or following the EIS/VCT Placing, that investors will be able to obtain EIS Relief in respect of their subscription for EIS/VCT Placing Shares, or that in due course such EIS Relief will not be withdrawn.

Circumstances may arise (which may include the sale of the Company) where the Board believes that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status, or ensures that the Company and/or the EIS/VCT Placing Shares will continue to meet the conditions for EIS Relief. In such circumstances, the Company and the Board cannot undertake to conduct the activities of the Company in a manner designed to preserve any such relief or status. Should the relevant legislation regarding the EIS or VCTs change then eligibility for EIS Relief or qualifying status for VCT purposes previously obtained may be lost.

Any person seeking to obtain EIS Relief or VCT Relief should consult their own professional tax adviser in order that they may fully understand how the EIS Legislation and VCT Legislation applies in their individual circumstances. In particular, any such person should seek professional tax advice as to whether or not they are considered to be "independent", for the purposes of seeking EIS Relief. There is a risk that such person may consider themselves to be "independent" but HMRC does not agree with such classification.

Any investor who is an existing Shareholder at the time of the Placing will not be eligible to claim EIS Relief on their new investment in the Ordinary Shares.

Economic, political, judicial, administrative, taxation or other regulatory matters

In addition to the impact of the downturn of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business

On 31 December 2020, the United Kingdom left the European Union. As at the date of this document, the Directors have a lack of clarity about future United Kingdom laws and regulations to replace or replicate as part of the future UK-EU relationship, including financial laws and regulations, tax and free trade agreements, intellectual property rights and employment laws. Changes in laws and regulations could increase costs for the Group, depress economic activity and restrict the Group's access to capital.

Despite thoroughly considering any possible negative impact of the UK's decision to leave the EU on Saietta, it is not possible to predict fully the effects the decision to leave may have on the Company or the wider economy in the long term. The Board have considered all factors they believe, at this time, could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

Taxation

The attention of prospective investors is drawn to paragraph 19 of Part VI of this document headed "UK Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Current and prospective investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Costs of being a public company

As a public company, the Company will be required to comply with certain additional laws, regulations and requirements, including the requirements of AIM. Complying with these laws, regulations and requirements will occupy a significant amount of the time of the Board and management and will increase the Company's costs and expenses. The Company expects that compliance with these laws, regulations and requirements will increase its legal and financial compliance costs and is likely to require it to hire additional personnel or consultants. The Company cannot predict or estimate the amount of additional costs which it may incur or the timing of such costs.

PART III
FINANCIAL INFORMATION
SECTION A: ACCOUNTANT'S REPORT



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Oxfordshire OX25 5HE

30 June 2021

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Dear Sir or Madam

Saietta Group Plc (the “Company”) and its subsidiaries (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part III of the admission document dated 30 June 2021 of the Company (the “Admission Document”).

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at each of the three years ended 31 March 2021 and of its losses, cash flows, recognised gains and losses and changes in equity for the years then ended under UK adopted International Accounting Standards.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business



Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance UK adopted International Accounting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document under UK adopted International Accounting Standards. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.



Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

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

SECTION B: HISTORICAL FINANCIAL INFORMATION

Consolidated statements of comprehensive income

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Revenue	4	241,379	160,790	870,966
Cost of sales		(173,261)	(31,247)	(190,036)
Gross profit		68,118	129,543	680,930
Other income	5	396,259	123,987	2,097
Charge for share options granted	20	(64,909)	(28,161)	(5,174,957)
Write-off of related party receivable	15	—	—	(935,146)
Administrative expenses		(1,312,935)	(1,644,810)	(1,846,987)
Operating loss	6	(913,467)	(1,419,441)	(7,274,063)
Finance income	8	—	55	1
Finance expense	8	(27,041)	(14,557)	(23,101)
Loss before taxation		(940,508)	(1,433,943)	(7,297,163)
Taxation	9	230,000	543,474	304,145
Loss for the year		(710,508)	(890,469)	(6,993,018)
Other comprehensive income, net of income tax				
Exchange differences on translation of foreign operations		—	—	(352)
Total comprehensive loss for the year		(710,508)	(890,469)	(6,993,370)
Basic and diluted loss per share	10	(406.93)	(283.77)	(819.33)

Consolidated statements of financial position

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Non-current assets				
Intangible assets	11	1,203,339	2,029,755	3,364,156
Property, plant and equipment	12	208,538	143,439	198,479
Right-of-use assets	13	83,364	10,397	433,883
Total non-current assets		1,495,241	2,183,591	3,996,518
Current assets				
Inventories	14	74,721	51,133	116,958
Trade and other receivables	15	1,099,687	1,645,830	659,023
Cash and cash equivalents	15	215,419	327,498	2,862,470
Total current assets		1,389,827	2,024,461	3,638,451
Total assets		2,885,068	4,208,052	7,634,969
Current liabilities				
Trade and other payables	16	306,578	215,285	761,399
Borrowings	17	150,000	121,912	176,111
Lease liabilities	18	39,205	4,813	114,555
Total current liabilities		495,783	342,010	1,052,065
Non-current liabilities				
Borrowings	17	190,278	110,033	2,340,000
Lease liabilities	18	43,618	4,412	330,426
Total non-current liabilities		233,896	114,445	2,670,426
Total liabilities		729,679	456,455	3,722,491
Equity				
Share capital	19	1,918	4,358	51,921
Share premium	19	8,185,521	10,641,597	—
Share options reserve	20	1,571,197	1,599,358	7,318,820
Translation reserve	21	—	—	(352)
Accumulated losses		(7,603,247)	(8,493,716)	(3,457,911)
Total equity		2,155,389	3,751,597	3,912,478
Total equity and liabilities		2,885,068	4,208,052	7,634,969

Consolidated statements of changes in equity

	Note	Share capital £	Share premium £	Share options reserve £	Translation Reserve	Accumulated losses £	Total £
Balance at 1 April 2018		1,574	6,312,890	1,506,288	—	(6,892,739)	928,013
Issue of shares	19	344	1,872,631	—	—	—	1,872,975
Share based payments		—	—	64,909	—	—	35,216
Total comprehensive loss for the year		—	—	—	—	(710,508)	(710,508)
Balance at 31 March 2019		1,918	8,185,521	1,571,197	—	(7,603,247)	2,155,389
Issue of shares	19	2,440	2,456,076	—	—	—	2,458,516
Share based payments		—	—	28,161	—	—	28,161
Total comprehensive loss for the year		—	—	—	—	(890,469)	(890,469)
Balance at 31 March 2020		4,358	10,641,597	553,656	—	(7,448,014)	3,751,597
Issue of shares	19	47,563	1,387,226	—	—	—	1,434,789
Share based payments		—	—	5,719,462	—	—	5,719,462
Cancellation of share premium		—	(12,028,823)	—	—	12,028,823	—
Total comprehensive loss for the year		—	—	—	—	(6,993,018)	(6,993,018)
Other comprehensive income for the year		—	—	—	(352)	—	(352)
Balance at 31 March 2021		51,921	—	7,318,820	(352)	(3,457,911)	3,913,478

Consolidated statements of cash flows

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Operating activities				
Losses after taxation		(710,508)	(890,469)	(6,993,018)
Adjustments for non-cash items				
Taxation	26	(230,000)	(543,474)	(304,145)
Interest income		—	(55)	(1)
Interest expense		27,041	14,557	23,101
Share based payments		64,909	28,161	5,174,957
Amortisation of intangible assets		15,561	18,255	18,976
Depreciation of property, plant and equipment		110,439	103,683	39,708
Depreciation of right-of-use assets		79,891	78,391	107,381
Profit on disposal of property, plant and equipment		(106)	—	(562)
Tax credits received		230,000	543,474	104,145
Cash used in operating activities before changes in working capital		<u>(412,773)</u>	<u>(647,477)</u>	<u>(1,829,458)</u>
Change in working capital				
Decrease/ (increase) in inventories		16,513	23,588	(65,825)
Decrease/ (increase) in receivables		7,850	(546,143)	1,186,455
Increase/ (decrease) in non-interest bearing liabilities		305,814	(199,626)	546,114
Net cash flow used in operating activities		<u>(82,596)</u>	<u>(1,369,658)</u>	<u>(162,714)</u>
Investing activities				
Purchases of intangible assets		(35,508)	(33,681)	(34,207)
Capitalised internally generated development costs		(1,123,394)	(810,990)	(774,665)
Purchase of property, plant and equipment		(37,793)	(38,584)	(97,295)
Sale of property, plant and equipment		356	—	3,109
Interest received		—	55	1
Net cash used in investing activities		<u>(1,196,339)</u>	<u>(883,200)</u>	<u>(903,057)</u>
Financing activities				
Proceeds from borrowings		—	—	2,340,000
Re-payment of borrowings		(302,552)	—	(56,235)
Re-payment of lease liabilities		(68,786)	(79,022)	(94,710)
Proceeds on issue of shares		1,872,975	2,458,516	1,434,789
Interest paid on lease liabilities		(15,697)	(6,012)	(21,177)
Interest paid		(8,546)	(8,545)	(1,924)
Net cash flow from financing activities		<u>1,477,394</u>	<u>2,364,937</u>	<u>3,600,743</u>
Net change in cash and cash equivalents		<u>198,459</u>	<u>112,079</u>	<u>2,534,972</u>
Cash and cash equivalents, beginning of year		16,690	215,419	327,498
Cash and cash equivalents for continuing operations		<u>215,149</u>	<u>327,498</u>	<u>2,862,470</u>

1. General information

Saietta Group plc is a public limited company, registered in England and Wales. The address of its registered office is building 210, Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE.

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 historical financial information of the Group for the year ended 31 March 2019, year ended 31 March 2020 and year ended 31 March 2021 has been prepared in accordance with International Accounting Standards in conformity with requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Saietta Group plc and its subsidiaries (the "Group"). The subsidiaries are consolidated from the date on which they were incorporated.

These are the Group's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 28.

(b) Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable when performance obligations are satisfied and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed by the Group and value added taxes.

Revenue from the sale of goods is recognised when the customer has taken control of the goods and is able to benefit from or direct the use of the goods, which is usually when the goods have been accepted by the customer. Where the company enters an engineering contract with customers, revenue is recognised as a percentage of job completion upon invoicing.

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 either as asset purchases when related to equipment or operating expenses when non-capital in nature, and the grant income that is provided against this total expenditure is recognised as income when received from the issuing authority, given that its release is subject to their review and confirmation of compliance with all conditions for release.

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. Provision is 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.

Intangible assets

In accordance with IAS 38, the company has adopted a policy whereby expenditure incurred by it in the development of its own product range of electric motors and drive solutions is capitalised as intangible assets if the Group can establish that the product programmes meet the relevant conditions.

Research and development criteria

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- There is an ability to use, sell or licence the resultant asset;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above.

Expenses capitalised consist of employee costs incurred on development and an apportionment of appropriate overheads.

Where the above criteria are not met, development expenditure is charged to the consolidated income statement in the period in which it is incurred. The expected life of internally generated intangible assets varies based on the anticipated useful life, currently ranging from five to fifteen years.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses.

Amortisation is charged on a straight-line basis over the estimated period in which the intangible asset has economic benefit from the commencement of related product sales and is reported within administrative expenses in the consolidated statement of comprehensive income.

Research expenditure is recognised as an expense in the period in which it is incurred.

At the end of the financial year to 31 March 2021 the Group has internally generated intellectual property patents which are amortised at 10% on a straight line basis, whilst development costs have been capitalised but no amortisation has been applied to date, as the developments relate to motors in a prototype phase which are not yet in the location or condition necessary for them to be capable of operating in the manner intended by management.

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.

Property, plant and equipment

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

Short leasehold	10% on cost
Plant and machinery	25% on reducing balance
Fixtures and fittings	15% on reducing balance
Motor vehicles	25% on cost

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving 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**

All financial assets are classified as measured at amortised cost because they meet both of the following criteria:

- Hold to collect business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

- **Financial liabilities**

All financial liabilities are presently measured at amortised cost. In assessing the classification of financial liabilities the following criteria are applied:

Financial liabilities are measured at amortised cost unless either the financial liability is held for trading and is therefore required to be measured at fair value through the profit and loss (FVTPL) (e.g. derivatives not designated in a hedging relationship); or

The Group elects to measure the financial liability at FVTPL (using the fair value option).

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.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their '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 the consolidated income statement.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

The presentational and functional currency for Saietta Group plc is GB pound sterling, whilst the functional currency for Saietta Europe BV, is the euro.

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

The Listing is a necessary condition for exercise.

Subject to the Listing condition above, 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 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.

Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost and the difference between the proceeds (net of transaction costs) and the total redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Convertible loans

Convertible loans, where conversion is dependent upon an event such as Listing, are treated as borrowings and recorded in financial liabilities in accordance with the term of the loan. Whilst the loan is recognised at amortised cost, the derivative embedded in the host contract is separated and measured as an option.

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

Historically the Group has accumulated significant losses and recently received funding through a £2.34m convertible loan.

The Group had net assets of £3,912,478 as at 31 March 2021 but is nevertheless currently dependent on its shareholders for support. In previous years this has been forthcoming from both its existing and new shareholders and despite the economic impact of COVID and other macro-economic factors such support is expected to remain available.

Furthermore, the Group has raised £31.9m of new equity through an admission on to AIM.

The Group has modelled scenarios with and without admission on to AIM for periods up to five years and stress tested its financial position in such scenarios.

The Board have concluded, on the basis of those scenarios and of current and forecast trading and related expected cashflows and available sources of finance, that it remains appropriate to prepare the Group's results on the basis of a going concern.

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.

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).

The carrying amount of property, plant and equipment at 31 March 2021 is £198,479 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 £50,000.

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.

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 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 2021 is £3,364,156 and a reasonable adjustment sensitivity if intangible assets related to a motor variant were impaired or if the Group were to require amortisation for an additional year for patents and immediately at the start of the year for development costs would have an impact of £280,000-£420,000.

Trade receivables

Trade receivables are initially recognised at invoiced value.

A provision matrix is used to identify all expected credit losses with provision rates initially determined on aging.

Where specific amounts remain outstanding or disputed beyond their agreed settlement date management, having reviewed all commercial documentation, proof of delivery and credit risk of the customer, apply judgement as to the likelihood of the future settlement and update the provision accordingly.

This judgement will be influenced by the passage of time, the documentation available and previous experience of collection of past due invoices with that customer and the Group's customer base in general.

In addition, where the Group has historic experience of a rate of loss against a specific group of receivables (or where circumstances are indicative of a likely future change in the rate of estimated loss) then a change in that estimated loss rate would alter the impairment provision recognised.

4. Revenue Analysis

Revenue by category and by geography is as follows:

Revenue by category

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Engineering Design Services	33,664	85,045	771,519
Motor sales	207,715	75,745	99,447
Total	241,379	160,790	870,966

Revenue for motor sales are recognized at a point in time whereas the engineering design services are recognized over time.

Revenue by geography

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
UK	149,816	135,921	810,840
European Union	15,495	—	15,000
Rest of World	76,068	24,869	45,126
Total	241,379	160,790	870,966

Non current assets by geography

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
UK	1,495,241	2,183,591	3,448,504
European Union	—	—	3,509
Rest of World	—	—	—
Total	1,495,241	2,183,591	3,452,013

5. Other income

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Grant Income	396,259	123,987	2,097
	396,259	123,987	2,097

The Group received development government grants from the Advanced Propulsion Centre against capital expenditure of £522,343 in the years ended 31 March 2019, 31 March 2020 and 31 March 2021 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 £39,225 remains due, subject to submitted assessment. This has been treated as a contingent gain at the year ended 31 March 2021.

6. Operating loss

Operating loss has been stated after:

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Cost of inventories recognised as expense	173,261	31,247	68,007
Depreciation of right-of-use assets	79,891	72,967	107,381
Depreciation of property, plant and equipment	110,439	103,683	39,708
Profit on disposal of fixed assets	(106)	—	(562)
Amortisation of intangible assets	15,561	18,255	18,976
Share-based payment expense	64,909	28,161	5,174,957
Foreign exchange differences	44	1,697	4,562

7. Employee benefit expenses (including directors)

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Wages and salaries	521,907	760,922	604,553
Social security costs	156,660	134,058	153,185
Employer's pension contributions	26,533	32,257	23,498
Share-based employee expense	64,909	28,161	5,040,848
Total	770,009	955,398	5,822,084

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

	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2021
Technical	25	22	18
Procurement	3	2	2
Sales and marketing	2	1	1
Finance and administration	4	4	4
Total	34	29	25

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

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Short term employee benefits	314,258	247,522	183,584
Unexercised share options awarded in the year	—	—	736,377
	<u>314,258</u>	<u>247,522</u>	<u>919,961</u>
Directors			
Remuneration	£81,600	£217,334	£393,600
Unexercised share options awarded in the year	£—	£—	£3,639,703

8. Finance income and expense

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Finance Income			
Deposit account interest	—	55	1
Finance expense			
Interest on lease liabilities	15,697	6,012	21,177
Other interest	11,344	8,545	1,924
	<u>27,041</u>	<u>14,557</u>	<u>23,101</u>

9. Taxation

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
UK tax (credit) for the current year	(230,000)	(543,474)	(304,145)
Deferred tax	—	—	—
Tax credit for the period	<u>(230,000)</u>	<u>(543,474)</u>	<u>(304,145)</u>

The Group was not liable for corporation tax during the past three years due to taxable losses being sustained in each of the years reported.

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

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
(Loss) before income tax	(940,508)	(1,433,943)	(7,297,163)
Tax at UK rate of 19%	178,697	272,449	1,386,461
Reconciling tax charges for:			
Non-deductible expenses	(8,920)	(43,496)	—
Capital allowances	39,638	58,356	55,000
R&D tax credit	230,000	421,976	200,000
Share based payments	(12,334)	(5,350)	(983,241)
Deferred tax asset not recognised	(197,081)	(160,461)	(354,075)
Tax credit for the year	<u>230,000</u>	<u>543,474</u>	<u>304,145</u>
Effective tax rate for the year	<u>—</u>	<u>—</u>	<u>—</u>

The company has not recognized the deferred tax assets as the business is developing its products. When there is clear visibility of the profits, the company will recognize the deferred tax assets. Losses carried forward were £4,583,321, £2,922,781 and £2,009,079 in the years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively.

10. Loss per share

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 2019	Year ended 31 March 2020	Year ended 31 March 2021
Basic Loss per share (£)	(406.93)	(283.77)	(819.33)
Diluted loss per share (£)	<u>(406.93)</u>	<u>(283.77)</u>	<u>(819.33)</u>
Loss attributable to equity shareholders (£)	(710,508)	(890,469)	(6,993,018)
Weighted average number of shares in issue	1,746	3,138	8,535

The basic loss per share set out above is based on the average number of shares in place across the year. In calculating the diluted loss per share, the Group has determined that the shares represented by share options should be excluded in evaluating the weighted average number of shares due to the dependency on a listing event for their exercise.

11. Intangible assets

	Patents and licences £	Development costs £	Software £	Total £
COST				
At 1 April 2018	15,678	—	70,325	86,003
Additions	35,508	1,123,394	—	1,158,902
At 31 March 2019	51,186	1,123,394	70,325	1,244,932
Additions	15,705	810,990	17,976	844,671
At 31 March 2020	66,891	1,934,384	88,301	2,089,576
Additions	12,277	1,319,170	21,930	1,353,377
At 31 March 2021	79,168	3,253,554	110,231	3,442,953
ACCUMULATED AMORTISATION				
At 1 April 2018	9,284	—	16,721	26,005
Amortisation for year	2,160	—	13,401	15,561
At 31 March 2019	11,444	—	30,122	41,566
Amortisation for year	5,582	—	12,673	18,255
At 31 March 2020	17,026	—	42,795	59,821
Amortisation for year	7,142	—	11,834	18,976
At 31 March 2021	24,168	—	54,629	78,797
NET BOOK VALUE				
Net book value at 31 March 2021	55,000	3,253,554	55,602	3,364,156
Net book value at 31 March 2020	49,865	1,934,384	45,506	2,029,755
Net book value at 31 March 2019	39,742	1,123,394	40,203	1,203,366

12. Property, plant and equipment

	Short leasehold £	Plant & machinery £	Fixtures and fittings £	Motor vehicles £	Total £
COST					
At 1 April 2018	286,973	75,013	210,014	97,994	669,994
Additions	3,959	23,691	5,343	4,800	37,793
Disposals	—	—	(251)	—	(251)
At 31 March 2019	290,932	98,704	215,106	102,794	707,536
Additions	—	14,452	24,132	—	38,584
At 31 March 2020	290,932	113,156	239,238	102,794	746,120
Additions	—	—	85,245	12,050	97,295
Disposals	—	—	(645)	(4,800)	(5,445)
At 31 March 2021	290,932	113,156	323,838	110,044	837,970
ACCUMULATED DEPRECIATION					
At 1 April 2018	163,198	23,880	103,487	97,994	388,559
Charge for year	67,042	14,756	27,441	1,200	110,439
At 31 March 2019	230,240	38,636	130,928	99,194	498,998
Charge for the year	60,692	16,545	25,246	1,200	103,683
At 31 March 2020	290,932	55,181	156,174	100,394	602,681
Charge for the year	—	14,897	21,898	2,913	39,708
Disposals	—	—	(498)	(2,400)	(2,898)
At 31 March 2021	290,932	70,078	177,574	100,907	639,491
NET BOOK VALUE					
At 31 March 2021		43,078	146,264	9,137	198,479
At 31 March 2020	—	57,975	83,064	2,400	143,439
At 31 March 2019	60,692	60,068	84,178	3,600	208,538

13. Right-of-use assets

The Group has lease contracts for buildings and equipment used in its operations, which have the following lease terms:

- Leased equipment between three and five years; and
- Property leases five years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the year ended 31 March 2018, leases of property, plant and equipment were classified as finance leases. As a result of adopting a full retrospective application of new accounting policies, from 1 April 2018, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability:
- any lease payments made at or before the commencement date less any lease incentives received:
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The statement of financial position shows the following amounts relating to the right of use assets recorded for the leases as well as the corresponding accumulated depreciation amounts recognised:

	Buildings £	Restorations £	Equipment £	Total £
Cost at 1 April 2018	279,222	26,028	27,021	332,271
Additions	—	—	—	—
Disposals	—	—	—	—
At 31 March 2019	279,222	26,028	27,021	332,271
Additions	—	—	—	—
Disposals	—	—	—	—
At 31 March 2020	279,222	26,028	27,021	332,271
Additions	530,867	—	—	530,867
Disposals	(279,222)	(26,028)	—	(305,250)
At 31 March 2021	530,867	—	27,021	557,888
Accumulated depreciation				
At 1 April 2018	151,377	10,010	7,629	169,016
Charge for the year	67,069	8,009	4,813	79,891
Disposals	—	—	—	—
At 31 March 2019	218,446	18,019	12,442	248,907
Charge for the year	60,776	8,009	4,182	72,967
At 31 March 2020	279,222	26,028	16,624	321,874
Charge for the year	105,185	—	2,196	107,381
Disposals	(279,222)	(26,028)	—	(305,250)
At 31 March 2021	105,185	—	18,820	124,005
Net book value at 31 March 2021	425,682	—	8,201	433,883
Net book value at 31 March 2020	—	—	10,397	10,397
Net book value at 31 March 2019	60,776	8,009	14,579	83,364

14. Inventories

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Raw materials and work in progress	74,721	51,133	116,958

15. Financial assets

(a) Cash and cash equivalents

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Cash and cash equivalents	215,419	327,498	2,862,470

(b) Trade and other receivables

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Current:			
Trade debtors	16,117	138,865	273,978
Other debtors	811,126	928,303	–
R&D tax credit	230,000	540,000	200,000
VAT recoverable	9,102	5,530	41,476
Prepayments and accrued income	33,342	33,132	143,569
	1,099,687	1,645,830	659,023

In March 2021, the receivable balance with Saietta Engineering PVT Limited, a connected party, was written off to the profit and loss account. The balance in other debtors therefore reduced to £nil at 31 March 2021 (£920,446 at 31 March 2020 and £733,945 at 31 March 2019)

16. Financial liabilities
Trade and other payables

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Current:			
Trade creditors	161,630	106,993	302,643
Social security and other taxes	47,145	41,859	54,589
Pension due	4,928	5,975	8,625
Accruals and deferred income	92,875	60,458	395,542
	<u>306,578</u>	<u>215,285</u>	<u>761,399</u>

17. Borrowings

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Current:			
Other loans	150,000	121,912	176,111
	<u>150,000</u>	<u>121,912</u>	<u>176,111</u>
Non-current:			
Other loans – 1-2 years	190,278	110,033	2,340,000
	<u>190,278</u>	<u>110,033</u>	<u>2,340,000</u>

Movement in net borrowings

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Borrowings at 1 April	23,611	340,278	231,945
Loans from shareholders	325,000	—	—
Convertible loan notes issued	—	—	2,340,000
Repayments in the year	(8,333)	(108,333)	(55,834)
Borrowings at 31 March	<u>340,278</u>	<u>231,945</u>	<u>2,516,111</u>

In January 2019 Mr. L. Marazzi provided a non-interest bearing loan to the company of £25,000 repayable in equal instalments over 36 months.

In March 2019 Mr. L. Marazzi provided a non-interest bearing loan to the company of £250,000 repayable in equal instalments over 36 months.

In March 2019 Mr. S. Roberts, a shareholder, provided a non-interest bearing loan to the company of £50,000 repayable in April 2019.

In March 2021 the Group issued 2,340 convertible loan notes to Amati with a nominal value of £2,340,000. The loan notes have a term until 2026 and a coupon rate of 8%. The loan notes automatically convert to shares in the company upon an admission to the AIM market. If conversion does not occur the loan notes are repayable in full in March 2026. The loan notes have been treated as non-current borrowings to match the financial instrument.

The value of the embedded derivative for the option to convert to shares has been determined using the Black Scholes option pricing model. The value of the option at 31 March 2021 was £601,360.

18. Leasing agreements

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. The equipment leases contain a right to own outright the capital equipment, whilst the property related leases are subject to renewal negotiation. The current term of the property leases expire at 31 March 2025, whilst the term of the property leases held in the year ended March 2020 expired at 31 March 2020.

The Group's present value lease obligations are stated below:

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Lease liabilities – property	68,740	—	440,569
Lease liabilities – equipment	14,083	9,225	4,412
	<u>82,823</u>	<u>9,225</u>	<u>444,981</u>

The value of the property leases and equipment leases is depreciated over the contractual life of the lease on a straight line basis.

Maturity of the lease liabilities is as follows:

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Lease liabilities due less than one year	39,205	4,813	114,555
Lease liabilities due one to two years	43,618	4,412	110,142
Lease liabilities due three to five years	—	—	220,284
	<u>82,823</u>	<u>9,225</u>	<u>444,981</u>

In previous years the Group only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS17 Leases, which applied mainly to office equipment. The assets were not of significant value and were presented within property, plant and equipment. The property leases were classified as operating leases prior to the move to reporting under IFRS.

Liabilities include the net present value of the fixed payments less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease for equipment. For property leases, where the rate cannot be readily determined, the lessee's incremental borrowing rate of 4.1% in the year ended 31 March 2021 (4.5% at 1 April 2018) is

used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- Where possible uses recent third party financing received by the individual lessee as a starting point adjusted to reflect changes in financial conditions since third party financing was received, and
- Makes adjustment specific to the lease, e.g., term and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The following table presents the interest and principal repayments on lease liabilities for the years ended 31 March 2021 and 2020:

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Interest expense	11,344	6,012	21,177
Principal payments	57,442	73,010	73,533
	<u>68,786</u>	<u>79,022</u>	<u>94,710</u>

19. Share capital and share premium

Share capital and share premium

Allotted, issued and fully paid:

Number:	Class:	Nominal value	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
519,205,742	ORDINARY SHARES	£0.001	1,918	4,358	51,921
(March 2020: 43,579,955; March 2019: 19,184,578)					

On 25th March 2021 the Group capitalized the sum of £47,201 standing to the credit of share premium and utilized that sum in order issued shares to the existing shareholders for the amount of £47,201.

Immediately thereafter the share premium account was cancelled and credited to retained earnings.

20. 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 2019		For the year ended 31 March 2020		For the year ended 31 March 2021	
	Number #	Weighted average exercise price £	Number #	Weighted average exercise price £	Number #	Weighted average exercise price £
Outstanding at beginning of year						
Granted	1,443,595	0.010	1,592,670	0.010	1,592,670	0.010
Forfeited	405,000		—		9,233,402	
Vested	(255,925)		—		—	
Outstanding at end of year	1,592,670	0.010	1,592,670	0.010	10,826,072	0.012

The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following average assumptions:

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Exercise price at grant date	£0.010	£0.012	£0.012
Expected life (in years)	3	3	1
Risk-free interest rate	1.32%	0.72%	0.55%
Expected volatility	86.03%	86.03%	86.03%
Weighted average share price	70.02 pence	70.02 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 10 year UK Gilts.

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Cost of options vesting in the period	64,909	28,161	5,719,462

In the year ended 31 March 2021 an amount of £544,505, representing the charge for options related to employees whose costs are allocated to research and development and capitalized 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.

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

21. Translation reserve

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Balance at 1 April	—	—	—
Exchange differences on translating the net assets of foreign operations	—	—	(352)
Balance at 31 March	—	—	(352)

22. Financial instruments

Classification

The Group's principal financial assets are cash and cash equivalents and trade receivables. All financial assets are held and measured at amortised cost. The Group's principal financial liabilities are trade and other payables and financing liabilities. All financial liabilities are held and measured at amortised cost.

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 Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Fixed rate hire purchase agreement (classified within lease liabilities)

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.

Foreign currency risk

The Group has limited exposure to transactional foreign currency risk from trading transactions. The Group considers the need to mitigate this exposure as and when appropriate and will enter into forward foreign exchange contracts to mitigate any significant risks. The Group seeks to invoice customers in GB Pound sterling to align to the largest portion of the Group's overall costs.

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:

LIQUIDITY RISK

As at 31 March 2021	Total £	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
Trade and other payables	302,643	302,643	—	—
Accrued Liabilities	395,542	395,542	—	—
Loans and borrowings	2,516,111	176,111	2,340,000	—
	<u>3,214,296</u>	<u>874,296</u>	<u>2,340,000</u>	<u>—</u>

As at 31 March 2020	Total £	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
Trade and other payables	106,993	106,993	—	—
Accrued Liabilities	60,458	60,458	—	—
Loans and borrowings	231,945	121,912	110,033	—
	<u>399,396</u>	<u>289,363</u>	<u>110,033</u>	<u>—</u>

As at 31 March 2019	Total £	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
Trade and other payables	161,630	161,630	—	—
Accrued Liabilities	92,875	92,875	—	—
Loans and borrowings	340,278	150,000	190,278	—
	<u>594,783</u>	<u>404,505</u>	<u>190,278</u>	<u>—</u>

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.

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 2021 the company has net trade receivables of £273,978 (2020: £138,865, 2019: £16,117).

The Group applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The following provision matrix is used to determine the initial expected credit losses. Thereafter each balance ascribed a provision is reviewed and the ultimate need, if any, for a provision determined.

Non past due	0% of carrying value
30 days past due	0.5% of carrying value
30-60 days past due	1.0% of carrying value
60-90 days past due	5.0% of carrying value
> 90 days past due	10.0% of carrying value

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.

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.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

The maximum exposure to credit risk is as follows:

	As at 31 March 2021 £
Cash on deposit	2,862,470
Trade Receivables	273,978
Loss Allowance	—
Other receivables	385,045
	<u>3,521,493</u>

	As at 31 March 2020 £
Cash on deposit	327,498
Trade Receivables	138,865
Loss Allowance	—
Other receivables	1,506,613
	<u>1,972,976</u>

	As at 31 March 2019 £
Cash on deposit	215,419
Trade Receivables	16,117
Loss Allowance	—
Other receivables	1,083,570
	<u>1,315,106</u>

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

	As at 31 March 2021 £
Current	214,516
More than 30 days past due	—
More than 60 days past due	—
More than 120 days past due	59,462
	<u>273,978</u>

	As at 31 March 2020 £
Current	15,960
More than 30 days past due	60,202
More than 60 days past due	—
More than 120 days past due	62,703
	<u>138,865</u>

	As at 31 March 2019 £
Current	—
More than 30 days past due	—
More than 60 days past due	—
More than 120 days past due	16,117
	<u>16,117</u>

Balances with maturity requiring a credit loss provision were individually reviewed and the ultimate conclusion that there would be full recoverability thereby determined.

Interest rate risk

The Group's exposure to market risk for changes in interest rate relates to any future external borrowing it may take where an interest rate is based on the Bank of England Base Rate. Borrowings under hire purchase arrangements are at a fixed interest rate over their term.

All borrowing is approved by the Board of Directors.

Capital risk management

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 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.

23. Subsidiaries

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

Investment	Country of Incorporation	Principal Activity	Ownership 2021	Ownership 2020
Saietta Motorcycles Limited	England and Wales	Dormant	100%	100%
Saietta Racing Limited	England and Wales	Dormant	100%	100%
Saietta Europe BV	Netherlands	Trading	100%	100%

24. Related party disclosures

Mr. L Marazzi, a shareholder of the company, was owed the sum of £176,111 (2020: £231,945, 2019: £290,278). £176,111 of this is included within creditors due within one year.

Connected parties

At 31 March 2019 Mr. S. Roberts a shareholder of the company was owed the sum of £50,000. The entire balance was repaid in April 2019 and is included within creditors due within one year.

In March 2021, the receivable balance with Saietta Engineering PVT Limited, a connected party, was written off to the profit and loss account. The balance in other debtors therefore reduced to £nil at 31 March 2021 (£920,446 at 31 March 2020 and £733,945 at 31 March 2019) Saietta Engineering PVT Limited, a trading company registered in India, is considered a connected party as a shareholder of Saietta Engineering PVT Limited, is a former employee of the company.

25. Commitments and contingencies

In March 2018 the Group entered into an agreement with the Advance Propulsion Centre under which grant funding is received in accordance with attainment of specific project objectives aimed at reducing vehicle carbon emissions through the development of a powertrain. At 31 March 2021, the final instalment due to the Group of £39,225 remained outstanding, subject to final assessment.

In October 2020 the Group entered into an agreement with the Advance Propulsion Centre under which grant funding is received in accordance with attainment of specific project objectives aimed at scaling the production of AFT motors. Ultimately a maximum grant value of £1,826,357, estimated to be 50% of the project cost, is available under such funding subject to meeting all appropriate criteria. The first assessment for grant funds to be released under this award is in May 2021.

26. Ultimate controlling party

At 31 March 2021, the company's ultimate controlling party is Mr. E. Clair, a shareholder of the company.

At 31 March 2020 and 31 March 2019 the company's ultimate controlling party was Mr. L Marazzi.

27. Adjustments to profit for cash flow

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
Adjustments:			
Taxation	(230,000)	(543,474)	(304,145)
Interest income		(55)	(1)
Interest expense	27,041	14,557	23,101
Share based payments	64,909	28,161	6,174,957
Amortisation of intangible assets	15,561	18,255	18,976
Depreciation of property, plant and equipment	110,439	103,683	39,708
Depreciation of right-of-use assets	79,891	78,391	107,381
Profit on disposal of property, plant and equipment	(106)		(562)
	<u>67,735</u>	<u>(300,482)</u>	<u>5,059,415</u>

28. Explanation of transition under IFRS1

As stated in note 2(a), these are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2021, the comparative information presented in these financial statements for the years ended 31 March 2020 and 31 March 2019 and in the preparation of an opening IFRS statement of financial position at 1 April 2018 (the Group's date of transition).

In preparing its opening IFRS financial statements, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP.

In particular consideration was given to the introduction of the following IFRSs:

- **Introduction of IFRS16**

Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for uses). Right of use assets are measured at the carrying amount of the associated lease liability, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as defined under the company's depreciation policy. If ownership of the lease asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

The lease liability is recognized as the present value of the lease payments, discounted using the Group's estimated incremental borrowing rate as well as indirect costs and the residual value expected, if any were contractually due to the company. Payment is made against the lease liability and interest, at the incremental borrowing rate is applied and recognized under Finance expenses on the statement of comprehensive income.

Low value assets and short term leases

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less and typically account for low-value assets including IT equipment and small items of office furniture.

- **Introduction of IFRS9**

Financial assets

The Group classifies its financial assets based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held at fair value through profit and loss or through other comprehensive income. In electing to classify financial assets at amortised cost, the Group has applied the following tests:

- Hold to collect business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

The classes of financial assets are commented upon further below:

(a) Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables and contract balances), but also incorporate other types of contractual monetary asset. 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 method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank and bank deposits.

Financial liabilities

The Group classifies its financial liabilities at amortised cost and does not enter into any financial liabilities which are held at fair value through profit or loss or through other comprehensive income. This reflects the purpose for which the liabilities were acquired.

Financial liabilities comprise trade payables, accruals and other creditors.

- **Introduction of IFRS15**

Revenue from contracts with customers

IFRS 15 establishes principles for reporting the nature, amount and timing of revenue arising from an entity's contracts with customers. This requires a five step approach for identification of the contracts, performance obligations and transaction price, allocating the transaction price and recognising revenue when performance obligations are satisfied taking account of when control of an asset is obtained by a customer. These principles have been applied to both the sale of electric motors and the engineering consultancy business.

There has been no effect in the recognition or reporting of the Group's revenue with the point when the customer obtains control judged to be at the same point as that arising from the previous standard's principles in respect of the risks and rewards of ownership passing to the customer.

An explanation of how the transition from UK GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables:

Statement of comprehensive income

For the year ended 31 March 2021	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Revenue		870,966	—	870,966
Cost of sales		(190,036)	—	(190,036)
Gross profit		680,930	—	680,930
Other income		2,097	—	2,097
Administrative expenses	a.,b.	(2,788,423)	(5,168,667)	(7,957,090)
Operating loss		(2,105,396)	(5,168,667)	(7,274,063)
Finance income		1	—	1
Finance expense	a.	(1,924)	(21,177)	(23,101)
Loss before taxation		(2,107,319)	(5,189,844)	(7,297,163)
Taxation		304,145	—	304,145
Loss and total comprehensive loss for the year		(1,803,174)	(5,189,844)	(6,993,018)

Statement of financial position

As at 31 March 2021	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Non-current assets				
Intangible assets		3,364,156	—	3,364,156
Property, plant and equipment	a.	206,680	(8,201)	198,479
Right-of-use assets	a.	—	433,883	433,883
Total non-current assets		<u>3,570,836</u>	<u>425,682</u>	<u>3,996,518</u>
Current assets				
Inventories		116,958	—	116,958
Trade and other receivables		659,023	—	659,023
Cash and cash equivalents		2,862,470	—	2,862,470
Total current assets		<u>3,638,451</u>	<u>—</u>	<u>3,638,451</u>
Total assets		<u>7,209,287</u>	<u>425,682</u>	<u>7,634,969</u>
Current liabilities				
Trade and other payables		761,399	—	761,399
Borrowings		176,111	—	176,111
Lease liabilities	a.	4,412	110,143	114,555
Total current liabilities		941,922	110,143	1,052,065
Non-current liabilities				
Borrowings		2,340,000	—	2,340,000
Lease liabilities	a.	—	330,426	330,426
Total non-current liabilities		<u>2,340,000</u>	<u>330,426</u>	<u>2,670,426</u>
Total liabilities		<u>3,281,922</u>	<u>440,569</u>	<u>3,722,491</u>
Equity				
Share capital		51,921	—	51,921
Share premium		—	—	—
Share options reserve	b.	—	7,318,820	7,318,820
Translation reserve		(352)	—	(352)
Accumulated losses	a.,b.	3,875,796	(7,333,707)	(3,457,911)
Total equity		<u>3,927,365</u>	<u>(14,887)</u>	<u>3,912,478</u>
Total equity and liabilities		<u>7,209,287</u>	<u>425,682</u>	<u>7,634,969</u>

Statement of cash flows

For the year ended 31 March 2021	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Operating activities				
Losses after taxation	a.	(1,845,251)	(5,147,767)	(6,993,018)
Adjustments for non-cash items	a.,b.	(199,827)	5,259,242	5,603,920
Tax credits received		104,145	—	104,145
Cash used in operating activities before changes in working capital		<u>(1,940,933)</u>	<u>111,475</u>	<u>(1,829,458)</u>
Change in working capital				
Change in inventories		(65,825)	—	(65,825)
Change in receivables		1,186,455	—	1,186,455
Change in non-interest bearing liabilities		546,114	—	546,114
Net cash flow used in operating activities		<u>(274,189)</u>	<u>111,475</u>	<u>(162,714)</u>
Investing activities				
Purchases of intangible assets		(34,207)	—	(34,207)
Capitalised internally generated development costs		(774,665)	—	(774,665)
Purchase of property, plant and equipment		(97,295)	—	(97,295)
Sale of property, plant and equipment		3,109	—	3,109
Interest received		1	—	1
Net cash used in investing activities		<u>(903,057)</u>	<u>—</u>	<u>(903,057)</u>
Financing activities				
Proceeds from borrowings		2,340,000	—	2,340,000
Re-payment of borrowings		(56,235)	—	(56,235)
Re-payment of lease liabilities	a.	(4,412)	(90,298)	(94,710)
Proceeds on issue of shares		1,434,789	—	1,434,789
Interest paid	a.	(1,924)	(21,177)	(23,101)
Net cash flow from financing activities		<u>3,712,218</u>	<u>(111,475)</u>	<u>3,600,743</u>
Net change in cash and cash equivalents		<u>2,534,972</u>	<u>—</u>	<u>2,534,972</u>
Cash and cash equivalents, beginning of year		327,498	—	327,498
Cash and cash equivalents for continuing operations		<u>2,862,470</u>	<u>—</u>	<u>2,862,470</u>

Statement of comprehensive income

For the year ended 31 March 2020	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Revenue		160,790	—	160,790
Cost of sales		(31,247)	—	(31,247)
Gross profit		129,543	—	129,543
Other income		123,987	—	123,987
Administrative expenses	a.	(1,650,822)	22,149	(1,672,971)
Operating loss		(1,397,292)	22,149	(1,419,441)
Finance income		55	—	55
Finance expense	a.,b.	(8,545)	(6,012)	(14,557)
Loss before taxation		(1,405,782)	(28,161)	(1,433,943)
Taxation		543,474	—	543,474
Loss and total comprehensive loss for the year		(862,308)	(28,161)	(890,469)

Statement of financial position

As at 31 March 2020	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Non-current assets				
Intangible assets		2,029,755	—	2,029,755
Property, plant and equipment	a.	153,836	(10,397)	143,439
Right-of-use assets	a.	—	10,397	10,397
Total non-current assets		2,183,591	—	2,183,591
Current assets				
Inventories		51,133	—	51,133
Trade and other receivables		1,645,830	—	1,645,830
Cash and cash equivalents		327,498	—	327,498
Total current assets		2,024,461	—	2,024,461
Total assets		4,208,052	—	4,208,052
Current liabilities				
Trade and other payables		215,285	—	215,285
Borrowings		121,912	—	121,912
Lease liabilities	a.	4,813	—	4,813
Total current liabilities		342,010	—	342,010
Non-current liabilities				
Borrowings		110,033	—	110,033
Lease liabilities	a.	4,412	—	4,412
Total non-current liabilities		114,445	—	114,445
Total liabilities		456,455	—	456,455
Equity				
Share capital		4,358	—	4,358
Share premium		10,641,597	—	10,641,597
Share options reserve	b.	—	1,599,358	1,599,358
Accumulated losses	a.,b.	(6,894,358)	(1,599,358)	(8,493,716)
Total equity		3,751,597	—	3,751,597
Total equity and liabilities		4,208,052	—	4,208,052

Statement of cash flows

For the year ended 31 March 2020	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Operating activities				
Losses after taxation		(862,308)	(28,161)	(890,469)
Adjustments for non-cash items	a.,b.	(408,864)	108,382	(300,482)
Tax credits received		543,474		543,474
Cash used in operating activities before changes in working capital		<u>(727,698)</u>	<u>80,221</u>	<u>(647,477)</u>
Change in working capital				
Change in inventories		23,588	—	23,588
Change in receivables		(546,143)	—	(546,143)
Change in non-interest bearing liabilities		(199,626)	—	(199,626)
Net cash flow used in operating activities		<u><u>(1,449,879)</u></u>	<u><u>80,221</u></u>	<u><u>(1,369,658)</u></u>
Investing activities				
Purchases of intangible assets		(33,681)	—	(33,681)
Capitalised internally generated development costs		(810,990)	—	(810,990)
Purchase of property, plant and equipment		(38,584)	—	(38,584)
Sale of property, plant and equipment		—	—	—
Interest received		55	—	55
Net cash used in investing activities		<u><u>(883,200)</u></u>	<u><u>—</u></u>	<u><u>(883,200)</u></u>
Financing activities				
Proceeds from borrowings		—	—	—
Re-payment of borrowings		—	—	—
Re-payment of lease liabilities	a.	(4,813)	(74,209)	(79,022)
Proceeds on issue of shares		2,458,516		2,458,516
Interest paid	a.	(8,545)	(6012)	(14,557)
Net cash flow from financing activities		<u><u>2,445,158</u></u>	<u><u>(80,221)</u></u>	<u><u>2,364,937</u></u>
Net change in cash and cash equivalents		<u><u>112,079</u></u>	<u><u>—</u></u>	<u><u>112,079</u></u>
Cash and cash equivalents, beginning of year		<u>215,419</u>	<u>—</u>	<u>215,419</u>
Cash and cash equivalents for continuing operations		<u><u>327,498</u></u>	<u><u>—</u></u>	<u><u>327,498</u></u>

Statement of comprehensive income

For the year ended 31 March 2019	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Revenue		241,379	—	241,379
Cost of sales		(173,261)	—	(173,261)
Gross profit		68,118	—	68,118
Other income		396,259	—	396,259
Administrative expenses	a.,b.	(1,324,279)	(53,565)	(1,377,844)
Operating loss		(859,902)	(53,565)	(913,467)
Finance income		—	—	—
Finance expense	a.	(15,697)	(11,344)	(27,041)
Loss before taxation		(875,599)	(64,909)	(940,508)
Taxation		230,000	—	230,000
Loss and total comprehensive loss for the year		(645,599)	(64,099)	(710,508)

Statement of financial position

As at 31 March 2019	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Non-current assets				
Intangible assets		1,203,339	—	1,203,339
Property, plant and equipment	a.	223,117	(14,579)	208,538
Right-of-use assets	a.	—	83,364	83,364
Total non-current assets		1,426,456	68,785	1,495,241
Current assets				
Inventories		74,721	—	74,721
Trade and other receivables		1,099,687	—	1,099,687
Cash and cash equivalents		215,419	—	215,419
Total current assets		1,389,827	—	1,389,827
Total assets		2,816,283	68,785	2,885,068
Current liabilities				
Trade and other payables		306,578	—	306,578
Borrowings		150,000	—	150,000
Lease liabilities	a.	4,813	34,392	39,205
Total current liabilities		461,391	34,392	495,783
Non-current liabilities				
Borrowings		190,278	—	190,278
Lease liabilities	a.	9,225	34,393	43,618
Total non-current liabilities		199,503	34,393	233,896
Total liabilities		660,894	68,785	729,679
Equity				
Share capital		1,918	—	1,918
Share premium		8,185,521	—	8,185,521
Share options reserve	b.	—	1,571,197	1,571,197
Accumulated losses	a.,b.	(6,032,050)	(1,571,197)	(7,603,247)
Total equity		2,155,389	—	2,155,389
Total equity and liabilities		2,816,283	—	2,885,068

Statement of cash flows

For the year ended 31 March 2019	Notes	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Operating activities				
Losses after taxation		(680,815)	(29,693)	(710,508)
Adjustments for non-cash items	a.,b.	(48,330)	116,065	67,735
Tax credits received		230,000	—	230,000
Cash used in operating activities before changes in working capital		<u>(499,145)</u>	<u>86,372</u>	<u>(412,773)</u>
Change in working capital				
Change in inventories		16,513	—	16,513
Change in receivables		7,850	—	7,850
Change in non-interest bearing liabilities		320,573	(14,759)	305,814
Net cash flow used in operating activities		<u>(154,209)</u>	<u>71,613</u>	<u>(82,596)</u>
Investing activities				
Purchases of intangible assets		(35,308)	—	(35,308)
Capitalised internally generated development costs		(1,123,394)	—	(1,123,394)
Purchase of property, plant and equipment		(37,793)	—	(37,793)
Sale of property, plant and equipment		356	—	356
Interest received		—	—	—
Net cash used in investing activities		<u>(1,196,139)</u>	<u>—</u>	<u>(1,196,139)</u>
Financing activities				
Proceeds from borrowings		—	—	—
Re-payment of borrowings		(302,552)	—	(302,552)
Re-payment of lease liabilities	a.	(5,719)	(63,067)	(68,786)
Proceeds on issue of shares		1,872,975	—	1,872,975
Interest paid	a.	(15,697)	(8,546)	(24,243)
Net cash flow from financing activities		<u>1,549,007</u>	<u>(71,613)</u>	<u>1,477,394</u>
Net change in cash and cash equivalents		<u>198,459</u>	<u>—</u>	<u>198,459</u>
Cash and cash equivalents, beginning of year		16,690	—	16,690
Cash and cash equivalents for continuing operations		<u>215,419</u>	<u>—</u>	<u>215,419</u>

- a. Under previous GAAP certain leases were classified as operating leases based on the fact that legal title did not pass by the end of the lease. Under IFRSs those leases are classified as finance leases and the related assets recognised in the statement of financial position of the Group.

The Group have applied the amendments to IFRS 1 (D9-D9E) which provide exemptions from the full retrospective application of IFRS 16.

For the Right-of-use asset the Group has chosen the carrying amount as if IFRS 16 had been applied since the commencement date of the lease but discounted using the implied borrowing rate at transition date

For calculation of the lease liability at the date of transition to IFRS (1/4/2018) the present value of the remaining lease payments, discounted using the incremental borrowing rate at the transition date.

In addition, the Group held certain assets under hire purchase arrangements which under previous GAAP were treated as finance leases and thus similar to their treatment under IFRSs, but classified as Property, plant and equipment. Under IFRSs those arrangements are reclassified into the category of right-of-use assets.

The impact arising from the change is summarised as follows:

Consolidated statements of comprehensive income

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Administrative expenses</u>			
Depreciation	(75,028)	(74,209)	(105,185)
Rent	71,613	80,221	111,475
Opening transition adjustment for IFRS adoption	14,759	—	—
<u>Finance expenditure</u>			
Lease interest	(11,344)	(6,012)	(21,177)

Consolidated statements of financial position

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Non-current assets</u>			
Property, plant and equipment	(14,579)	(10,397)	(8,201)
Right-of-use-assets	83,364	10,397	433,883
<u>Current liabilities</u>			
Hire purchase liabilities	(4,813)	(4,813)	(4,412)
Lease liabilities	39,205	4,813	114,555
<u>Non-current liabilities</u>			
Hire purchase liabilities	(9,225)	(4,412)	
Lease liabilities	43,618	4,412	330,426
<u>Equity</u>			
Accumulated losses	—	—	(14,887)

Consolidated statements of cash flows

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Operating activities</u>			
Losses after taxation			(14,887)
<u>Adjustments for non-cash items</u>			
Depreciation of right-of-use-assets	75,028	74,209	105,185
Interest expense	11,344	6,012	21,177
<u>Changes in non-interest bearing liabilities</u>			
Opening transition adjustment for IFRS adoption	(14,759)	—	—
<u>Financing activities</u>			
<u>Hire purchase capital repayment</u>	5,719	4,813	4,412
Re-payment of lease liabilities	(68,786)	(79,022)	(94,710)
Interest paid	(8,546)	(6,012)	(21,177)

- b. The Group granted share-based payments to certain employees and directors. Although a requirement of UK GAAP, the Group did not account for these share-based payment arrangements previously. This adjustment has therefore been included as an IFRS adjustment.

The impact arising from the change is summarised as follows:

Consolidated statements of comprehensive income

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Administrative expenses</u>			
Salaries and benefits	(64,909)	(28,161)	(5,719,462)

Consolidated statements of financial position

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Equity</u>			
Share option reserve	1,571,197	1,599,358	7,318,820
Accumulated losses	(1,571,197)	(1,599,358)	(7,318,820)

Consolidated statements of cash flows

	Year ended 31 March 2019 £	Year ended 31 March 2020 £	Year ended 31 March 2021 £
<u>Operating activities</u>			
Losses after taxation	(64,909)	(28,161)	(5,719,462)
<u>Adjustments for non-cash items</u>			
Share based payments	64,909	28,161	5,719,462

Reconciliation of statement of financial position at 1 April 2018

As at 1 April 2018	UK GAAP £	Effect of transition to IFRSs £	Under IFRS £
Non-current assets			
Intangible assets	59,998	—	59,998
Property, plant and equipment	300,877	(19,442)	281,435
Right-of-use assets	—	163,255	163,255
Total non-current assets	360,875	143,813	504,688
Current assets			
Inventories	91,234	—	91,234
Trade and other receivables	1,107,538	—	1,107,538
Cash and cash equivalents	16,960	—	16,960
Total current assets	1,215,732	—	1,215,732
Total assets	1,576,607	143,813	1,720,420
Current liabilities			
Trade and other payables	512,859	—	512,859
Borrowings	128,139	—	128,139
Lease liabilities	5,718	63,068	68,786
Total current liabilities	646,716	63,068	709,784
Non-current liabilities			
Borrowings	—	—	—
Lease liabilities	14,039	68,584	82,623
Total non-current liabilities	14,039	68,584	82,823
Total liabilities	660,755	131,652	792,407
Equity			
Share capital	1,574	—	1,574
Share premium	6,312,890	—	6,312,890
Share options reserve	—	1,506,288	1,506,288
Accumulated losses	(5,398,612)	(1,494,127)	(6,892,739)
Total equity	915,852	12,161	928,013
Total equity and liabilities	1,576,607	143,813	1,720,420

Consolidated statement of change in equity

	Share capital £	Share premium £	Share options reserve £	Translation Reserve	Accumulated losses £	Total £
Balance at 1 April 2017	1,367	6,312,890	1,506,288	—	(5,315,054)	2,507,491
Issue of shares	207	—	—	—	—	207
Total comprehensive loss for the year	—	—	—	—	(1,564,926)	(1,564,926)
First time adoption of IFRS	—	—	—	—	(14,759)	(14,759)
Balance at 31 March 2018	1,574	6,312,890	1,506,288	—	(6,892,739)	928,013

30. Events after the reporting period

The following event has taken place after 31 March 2021.

Common share options

A further 3,286,000 share options have been granted to employees with 821,500 vesting immediately after admission to AIM and 34,229 vesting each month until twenty four months has elapsed. All options are only exercisable after the ultimate vesting date.



PATENT REPORT

30 June 2021

Saietta Group plc
Building 210 Heyford Park
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Upper Heyford
Oxfordshire
OX25 5HE
United Kingdom

and

Canaccord Genuity Limited
88 Wood Street
London, UK
EC2V 7QR

Dear Sirs

Report on the patent applications of Saietta Group plc**Our ref: M/P21910.GB01/PS/PL**

1. We have prepared this report for Saietta Group plc (“Saietta”), for the attention of the Directors of Saietta, and for Canaccord Genuity Limited (“Canaccord”), Saietta’s Nominated Adviser, for inclusion in the admission document (“Admission Document”) to be issued by Saietta in connection with its application for admission to trading on the AIM market of the London Stock Exchange. This report covers certain aspects of Saietta’s intellectual property interests, Saietta’s patent applications and whether Saietta’s commercial plans, limited to those aspects of Saietta’s commercial plans shared with Reddie & Grose LLP and referred to in the report, are likely to be inhibited by third party patent rights. For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

2. Introduction

- 2.1 Reddie & Grose LLP is a firm of European and United Kingdom patent and trade mark attorneys. Our team includes nearly 80 IP professionals based in London, Cambridge and Munich and includes specialists in a wide range of technical disciplines. We regularly appear in rankings by various legal directories and industry journals including Chambers UK, Legal 500, Managing IP and IAM Patent 1000.
- 2.2 Reddie & Grose LLP have assisted Saietta with patent matters since 20 June 2017.
- 2.3 To complete this report Reddie & Grose LLP engaged a company offering intellectual property research services. This company performed the freedom to operate searches detailed below, the results of which were analyzed by Reddie & Grose LLP. This report has also been produced based upon information provided by Saietta as well as our internal records supplemented, where necessary, by publicly available databases of the relevant national and regional intellectual property offices.

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3. Details of Saietta's patent filing and maintenance policy

- 3.1 Generally Saietta's patent applications are first filed in the UK at the UK Intellectual Property Office (UKIPO). This first filing starts the "priority period", which gives patent applicants a 12 month period to file further patent applications claiming the same effective filing date as the first filing. This is useful for, for example, delaying the costs associated with filing foreign patent applications without losing the benefits of the earlier filing date.
- 3.2 Before the end of the priority period a decision is made by Saietta whether any foreign patent applications will be required. There is no such thing as an international patent so it is necessary to file separate patent applications in each country for which patent protection is desired. A number of treaties exist to help reduce the burden on applicants such as the European Patent Convention (EPC) and the Patent Cooperation Treaty (PCT). These treaties enable one application to designate a number of countries and for at least some of the patent application process to be undertaken by a central authority. However, the single application must ultimately be split into individual national patent applications or patents.

In the case of PCT applications, a national or regional patent office, such as the US Patent & Trademark Office (USPTO) or the European Patent Office (EPO), is appointed as an international search authority who then perform a search for prior art relevant to the PCT application and provide a preliminary view on patentability. However, once the PCT application is split into individual national patent applications it is then separately examined again by each national patent office.

Generally when Saietta decide to file foreign patent applications they start this process by filing a PCT application. The EPO is selected as the international search authority to produce the search report for the PCT application.

- 3.3 Patent applications are generally examined by the national or regional offices where they are filed. This examination usually involves a search to find prior art relevant to the patentability of the invention. Some applicants choose to perform additional searching before they file a patent application where there is sufficient time and resources to do so. Other applicants choose to rely on the results of the searches performed by the various intellectual property offices after the patent application is filed. Reddie & Grose LLP has not performed any pre-filing prior art searches for Saietta, although we have sometimes been provided with input from inventors at Saietta on the technology of their competitors.
- 3.4 After an intellectual property office has performed a search in relation to a patent application they will generally issue a report. The report normally identifies the prior art documents found in their search, an indication of the relevancy of these documents to the invention as it is claimed in the patent application, and a view from the patent examiner on whether the patent application meets the requirements for a patent to be granted. In particular, patent examiners are generally looking at whether the invention defined in the claims of the patent application is new and inventive over the prior art found in the search, whether the description of the patent application sufficiently discloses the invention, and whether the language of the claims is clear.

In relation to Saietta's patent applications, to date several reports of the above nature have been responded to by Reddie & Grose LLP. More details on these reports is provided below for the particular patent families in Saietta's portfolio. Two reports have been issued (and responded to) in relation to the UK patent application of Family 1, and one report has been issued (and responded to) in relation to the UK patent application of Family 2. In these reports the patent examiner (an examiner of the UKIPO) objected to the broadest claim scope in the application but had indicated allowable claims. The response methodology adopted by Reddie & Grose LLP, based on discussion with Saietta, in these cases was to limit the overall scope of protection of the patent claims to the subject matter of one of the claims indicated as allowable by the examiner, as well as making any necessary amendments to deal with other outstanding objections such as clarity issues, in order to speed up the process of obtaining a granted patent.

In the case of Family 1 and Family 2, Saietta still have the option of seeking broader protection that is not limited to the scope of the claims indicated to be allowable by the UK patent examiner. In particular, their PCT applications give Saietta the option to pursue broader claims at the European Patent Office and other jurisdictions covered by the PCT if, after reviewing the prior art found in the searches, it is felt that broader protection is justified.

- 3.5 Patents, and in some cases patent applications, need to be renewed on a periodic basis in order to maintain them in force. For many countries renewal fees must be paid annually although some countries apply a different time period. Failure to pay these fees can result in the automatic loss of patent rights. Reddie & Grose LLP monitor upcoming renewal fee payments using our industry standard docketing system “Inprotech” and pay renewal fees based upon Saietta’s instructions.
- 3.6 Reddie & Grose LLP are not aware of any predecessors to the current registered proprietors of Saietta’s pending patent applications. Saietta (identified by their previous name, Saietta Group Limited) is the original and current registered proprietor of all of Saietta’s currently pending patent applications as far as Reddie & Grose LLP are aware.

Based on information from Saietta we are aware of an earlier family of patent applications directed towards an electric motorcycle with a monocoque structure represented by example family member PCT WO2012104592A1. The applications in this family were filed in Saietta’s previous name “Agility Global Ltd” before Reddie & Grose LLP were engaged by Saietta. Based on information provided by Saietta our understanding is that Saietta decided to allow this family of applications to fall abandoned due to a lack of commercial relevance. It is likely that all patents and applications in this family are now ceased, but we have not performed any checks to confirm this.

4. Review of Saietta’s patent applications

4.1 General considerations:

4.1.1 Below there is provided, for information, a general explanation of the patent process for applications filed in the UK and then subsequently filed internationally.

- (a) For a granted patent to be issued in the UK and Europe there are certain legal requirements that it must meet. In Europe, there are certain excluded subject matters which are not patentable. These include discoveries, scientific theories and mathematical methods; aesthetic creations; schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers; and presentations of information. Other exclusions apply such as inventions that are contrary to morality. Similar exclusions exist in other major jurisdictions.
- (b) After these exclusions, the main legal requirements that an invention defined in a patent application must meet in order to be granted are:
- Novelty – the invention must not have been disclosed to the public anywhere in the world by anyone (including the inventor) by any means of communication or use.
 - Inventive step – the invention must not be obvious to a person skilled in the art, having regard to all publicly available information available before the filing date of the patent application (the “prior art”).
 - Industrial application – the invention must be capable of use in some sort of industry.
- (c) It is necessary to file separate patent applications in each country in which patent protection is desired. Agreements such as the previously mentioned EPC and PCT allow a patent application to designate a number of countries, with some of the application procedure being handled by a central patent authority such as searching for prior art and giving a preliminary opinion on the patentability of the application before it is later split into individual national patent applications or granted patents.
- (d) UK based applicants often first file a UK patent application at the UKIPO. This filing establishes a first filing date and is referred to as the “priority” date. The priority date is used when considering the novelty requirement for foreign patent applications. Only disclosures to the public, and in some cases earlier unpublished patent applications, made before the priority date can be used to determine if the patent application is novel.
- (e) Patent applications generally remain unpublished, and therefore confidential, until 18 months from their priority date. It is therefore advisable to avoid disclosing the content of patent applications except under an agreement of confidentiality if this is possible. It

should also be noted that, although infringement proceedings cannot be initiated until a patent application is granted, claims for damages for infringement by third parties can be backdated to this publication date, provided certain requirements are met.

- (f) Within twelve months of the priority date foreign applications can be filed that benefit from the priority date established by the UK patent application. The applicant can therefore file and “prosecute” a number of corresponding patent applications in the local patent offices of various countries or via a number of regional patent offices.
- (g) Perhaps the most common procedure for filing foreign applications makes use of the previously mentioned PCT system, which covers the vast majority of industrialised countries. Under the PCT instead of filing separate applications in each country of interest, a single “international” application is filed, based upon the UK priority application. The PCT application is searched by a competent international search authority who look for prior art relevant to the invention claimed in the application and issue a report detailing the results. In response to the search report the applicant has the option to make amendments to the application. The PCT process delays the filing of national and regional patent applications by an additional 18 months beyond the 12 month priority period from filing the initial priority application.
- (h) It is possible to request for an International Preliminary Examination to be performed for a PCT application. This allows the applicant to respond to any objections raised in the international search report and have this response considered by the patent examiner that produced the international search report. Amendments to the application can be made, often to restrict the scope of the claims so that they define novel and inventive subject matter over the prior art found in the international search. After this process a report is issued commenting on the patentability of the invention. Most applicants do not make use of the International Preliminary Examination mechanism because of the associated fee and because there are other opportunities to amend the application further on in the process.
- (i) By 30 months (or 31 months for some countries) from the priority date the PCT application must be converted into separate patent applications before the various national and regional patent offices that grant patents in the countries in which protection is desired. This process involves separate applications being made to the various patent offices and requires various requirements to be met such as translations into the local language where required.
- (j) The national and regional patent offices in the selected territories then carry out their own examinations. The search report or subsequent report on patentability produced for the PCT application is available for the national patent examiners to take into consideration, but it is not binding on them.
- (k) Examination of a patent application results either with grant of a patent, or its refusal or abandonment.
- (l) One regional office is the abovementioned European Patent Office (EPO). The EPO is able to grant patent applications on behalf of the patent offices of its member states. A granted European patent application becomes a bundle of national patents in the designated member states of the European Patent Convention (EPC). There are over 30 member states of the EPC and at the time of grant the patent proprietor must select which of these countries the European patent should be validated in. It should be noted that the EPC is an international agreement separate to the EU. Member states of the EPC include non-EU countries such as Switzerland. The UK’s membership of the EPC is unaffected by Brexit.
- (m) In most jurisdictions patents last up to 20 years from the filing date. The application process can take several years. It is not uncommon for the application process to take 3 to 5 years (or longer) from the date of filing the patent application in the relevant intellectual property office.
- (n) Once granted, national patents must be renewed periodically by payment of renewal fees to keep them in force. In some jurisdictions such as the EPO renewal fees must also be paid in respect of pending applications.

- (o) The validity of a granted patent can be challenged by revocation proceedings before the national intellectual property office or in national courts. In addition, for European patents, a central opposition can be filed against a patent within 9 months of the grant date to challenge validity. In many jurisdictions, such as the EPO, third parties can also challenge a pending application by filing observations on patentability with the patent office during the application stage.
- (p) For the above reasons, there is always a degree of uncertainty as to whether a patent will continue to be valid and to provide a commercially useful degree of protection throughout its entire life.

4.1.2 In order to produce this report we have performed searches on our internal database system (“Inprotech”) to identify patent applications belonging to Saietta on our records and we have reviewed our files in relation to search results provided by relevant intellectual property offices. We have also engaged a specialist search firm to perform freedom to operate searches for third party rights relevant to Saietta’s core axial flux motor technology. The scope of the freedom to operate searches and their limitations are set out in Appendix 1 of this report.

4.2 Below is a table of Saietta’s currently pending patent applications, and granted patents, that have been published. Unpublished patent applications are not included.

R&G Case Ref.	Proprietor (s)	Country	Filing Date	Earliest Priority Date	Application No.	Status	Title
FAMILY 1							
P/80034.GB01	Saietta Group Limited	United Kingdom	29/01/2019	29/01/2019	1901192.3	Pending application	Axial Flux Electrical Machine – Coiled Stator
P/80034.WO01	Saietta Group Limited	Patent Cooperation Treaty	29/01/2020	29/01/2019	PCT/GB2020/050213	Pending application	Axial Flux Electrical Machine – Coiled Stator
FAMILY 2							
P/80035.GB01	Saietta Group Limited	United Kingdom	29/01/2019	29/01/2019	1901195.6	Grant of patent expected on 7 July 2021	Axial Flux Electrical Machine
P/80035.WO01	Saietta Group Limited	Patent Cooperation Treaty	29/01/2020	29/01/2019	PCT/GB2020/050211	Pending application	Axial Flux Electrical Machine
FAMILY 3							
P/80062.WO01	Saietta Group Limited	Patent Cooperation Treaty	29/01/2020	29/01/2019	PCT/GB2020/050210	Pending application	Axial Flux Electrical Machine – Ancillary features

Reddie & Grose are not aware of any granted patents belonging to Saietta that are currently in force. The UKIPO has indicated informally to Reddie & Grose LLP that UK patent application GB 1901195.6 will be granted on 7 July 2021.

It is noted that Saietta’s pending patent applications are currently listed on the registers of the various intellectual property offices under their previous name, Saietta Group Limited. The change of name from Saietta Group Limited to Saietta Group plc can be recorded on the registers of the various patent offices at which Saietta’s applications are pending.

The applications listed above are divided into families. A family comprises all applications or patents to the same subject matter and will normally have a common filing date or priority date. The families above all include an original first filed UK application and a subsequent PCT application including the same technical subject matter claiming priority to the UK application.

The independent claims of a representative application from each family as originally filed are provided below. The independent claims represent the broadest scope of protection being sought for the invention in question.

FAMILY 1:

Claim 1 of PCT application PCT/GB2020/050213 as originally filed reads:

1. A stator (1, 10) for an axial flux electrical machine (100), the stator (1, 10) comprising a plurality of circumferentially distributed conductive coils (12), each of the plurality of conductive coils (12) configured to be connected to a phase of a multi-phase power supply and comprising at least one pair of active sections (121a, 121b), wherein each active section (121a, 121b) extends in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine (100), wherein the generally radially extending active sections (121a, 121b) of each pair are pitched apart in a circumferential direction, and wherein circumferentially adjacent conductive coils (12) circumferentially overlap to define spaces of a first type (141a, 141b, 141c) for receiving a flux guide (30), each space of the first type (141a, 141b, 141c) being a circumferential space between two adjacent active sections of two different coils (12).

Claim 30 of PCT application PCT/GB2020/050213 as originally filed reads:

30. A method of manufacturing a stator of an axial flux electrical machine, comprising:
positioning a plurality of conductive coils in a stator housing so that the plurality of coils are circumferentially distributed around the stator housing, wherein conductive coils are positioned so that circumferentially adjacent conductive coils circumferentially overlap and thereby define spaces of a first type receiving a flux guide, the space of the first type being a circumferential space in the region where two coils overlap; and
positioning flux guides in the spaces of the first type.

FAMILY 2:

Claim 1 of PCT application PCT/GB2020/050211 as originally filed reads:

1. A conductive coil (12; 120) for a yokeless axial flux electrical machine stator (1) with distributed windings, the conductive coil (12; 120) comprising a first active section (121a) and a second active section (121b), each active section (121a, 121b) extending in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine (100) and comprising a plurality of winding turn portions (131a, 131b) stacked parallel to the axis of rotation such that a cross-section perpendicular to the radial direction of each active section (121a, 121b) is elongate with a major dimension parallel to the axis of rotation, and wherein the second active section (121b) is pitched apart in a circumferential direction and axially offset from the first active section (121a).

Claim 28 of PCT application PCT/GB2020/050211 as originally filed reads:

28. A method of manufacturing a stator of an axial flux electrical machine, comprising:
positioning a plurality of conductive coils in a stator housing so that the plurality of coils are circumferentially distributed around the stator housing, wherein each conductive coil comprises a first active section and a second active section, each active section extending in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine and comprising a plurality of winding turn portions stacked parallel to the axis of rotation such that a cross-section perpendicular to the radial direction of each active section is elongate with a major dimension parallel to the axis of rotation, and wherein the second active section is pitched apart in a circumferential direction and axially offset from the first active section.

FAMILY 3:

This family relates to ancillary features of Saietta's motor design.

Claim 1 of PCT application PCT/GB2020/050210 as originally filed reads:

1. A stator housing for an axial flux electrical machine, the housing being tubular and substantially cylindrical in shape, the inner surface of the housing comprising a plurality of recesses, each recess configured to receive an outer part of a conductive coil of a stator of an axial flux electrical machine.

The applications in this family contain a number of different inventive concepts. Although a given patent can generally only claim a single invention, it is a common strategy to combine disclosures of multiple inventions into a single application. This saves on application fees whilst allowing a filing date to be established and preserving the option to pursue protection for unclaimed inventions at a later date, for example by filing one or more divisional patent applications.

The (now abandoned) UK application, from which PCT/GB2020/050210 claims priority, contains disclosure of the following concepts:

- (i) A rotor for an axial flux electrical machine with a lip on its outer edge to abut a set of circumferentially distributed permanent magnets fixed to the rotor.
- (ii) An extruded stator housing for an axial flux electrical machine. The housing is tubular and substantially cylindrical. The inner surface of the housing comprises recesses that receive the conductive coils of the stator.
- (iii) A stator housing for an axial flux electrical machine. The housing includes recesses or channels in which a liquid cooling arrangement is accommodated.
- (iv) A stacked axial flux electrical machine assembly comprising a plurality of axial flux electrical machines stacked in series.
- (v) A laminated flux guide for an axial flux electrical machine and a corresponding method of manufacture. The flux guide has a base surface and an opposing surface tapered relative to the base surface, the laminations being parallel to the base surface. In use, the flux guide is arranged such that each lamination is substantially in a plane extending in the radial and axial directions of an axial flux electrical machine.
- (vi) A conductive coil for a yokeless axial flux electrical machine stator with distributed windings. The conductive coil comprises a first active section and a second active section. Each active section extends in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine and comprises a plurality of winding turn portions stacked parallel to the axis of rotation such that a cross-section perpendicular to the radial direction of each active section is elongate with a major dimension parallel to the axis of rotation. The second active section is pitched apart in a circumferential direction and axially offset from the first active section.
- (vii) A conductive coil for a stator of a yokeless axial flux electrical machine. The conductive coil comprises two pairs of active sections. Each active section extends in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine. The generally radially extending active sections of each pair are pitched apart in a circumferential direction. The two pairs of active sections partially circumferentially overlap so as to define a space of a second type for receiving a flux guide. The space of the second type is a circumferential space between two adjacent active sections of different pairs of active sections of the coil. The circumferential space is, like the active sections defining it, substantially radially extending and may be elongate.
- (viii) A stator comprising coils according to (vi).
- (ix) A method of manufacturing a stator of an axial flux electrical machine. The method comprises positioning a plurality of conductive coils in a stator housing so that the plurality of coils are circumferentially distributed around the stator housing. Each conductive coil comprises a first active section and a second active section, each active section extending in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine and comprising a plurality of winding turn portions stacked parallel to the axis of rotation such that a cross-section perpendicular to the radial direction of each active section is elongate with a major dimension parallel to the axis of rotation. The second active section is pitched apart in a circumferential direction and axially offset from the first active section.
- (x) A method of manufacturing a stator of an axial flux electrical machine. The method comprises positioning a plurality of conductive coils in a stator housing so that the plurality of coils are circumferentially distributed around the stator housing. Each conductive coil comprises two pairs of active sections, each active section extending in a

generally radial direction substantially perpendicular to an axis of rotation of the electrical machine. The generally radially extending active sections of each pair are pitched apart in a circumferential direction. The two pairs of active sections of each partially circumferentially overlap so as to define a space of a second type for receiving a flux guide. The space of the second type is a circumferential space between two adjacent active sections of different pairs of active sections of the same coil. The method further comprises positioning flux guides in the spaces.

- (xi) A stator for an axial flux electrical machine. The stator comprises a plurality of circumferentially distributed conductive coils. Each of the plurality of conductive coils is configured to be connected to a phase of a multi-phase power supply and comprises at least one pair of active sections. Each active section extends in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine. The generally radially extending active sections of each pair are pitched apart in a circumferential direction. Circumferentially adjacent conductive coils circumferentially overlap to define spaces of a first type for receiving a flux guide. Each space of the first type is a circumferential space between two adjacent active sections of two different coils.
- (xii) A yokeless axial flux electrical machine comprising any of the stators of (viii) or (xi).
- (xiii) A method of manufacturing a stator of an axial flux electrical machine. The method comprises positioning a plurality of conductive coils in a stator housing so that the plurality of coils are circumferentially distributed around the stator housing. The conductive coils are positioned so that circumferentially adjacent conductive coils circumferentially overlap and thereby define spaces of a first type receiving a flux guide. Each space of the first type is a circumferential space in the region where two coils overlap. The method further comprises positioning flux guides in the spaces of the first type.

Invention (iii) was selected for the claims of the UK patent application.

The PCT application, which was filed one year after filing the UK application, contains the same subject matter as the earlier UK application. It was also amended to take into account developments made by Saietta and the results of the UKIPO search. In particular it was amended to include additional disclosure of, and to claim, the following additional inventive concept:

- (xiv) A stator housing for an axial flux electrical machine, the housing being tubular and substantially cylindrical in shape, the inner surface of the housing comprising a plurality of recesses, each recess configured to receive an outer part of a conductive coil of a stator of an axial flux electrical machine.

Saietta therefore currently has the option of pursuing patent protection with an effective filing date of 29 January 2019 for any of the inventions i. to xiii. listed above, and with an effective filing date of 29 January 2020 for invention xiv., in any country in which the PCT application is converted into a national (or regional) application.

ADDITIONAL PATENTS AND APPLICATIONS

Saietta has one pending patent application that has not yet published and has been pending for less than one year. Because it is unpublished it is not mentioned further in this report.

We currently have instructions to prepare four further patent applications for new inventions relating to Saietta's motor design. The inventions relate to manufacturing techniques and to variants on Saietta's current motor design. Work on these patent applications is ongoing.

Family 3 above includes UK patent application GB 1901209.5, from which PCT/GB2020/050210 claims priority. This application has been abandoned. The UKIPO issued a combined search and examination report on 8 July 2019 for this UK patent application in relation to invention iii. as listed above in relation to Family 3. Objections were raised to the novelty or inventiveness of all claims. Objections were raised to the clarity of certain terms used in the claims of the application. In view of the negative combined search and examination report Saietta decided to abandon UK application GB1901209.5 in favour of their PCT application PCT/GB2020/050210, which currently claims a different inventive concept. Abandonment of the UK application was initiated by intentionally not

filing a response to the combined search and examination report by the deadline of 28 January 2021.

As mentioned above, based on information from Saietta we are also aware of an earlier family of patent applications directed towards an electric motorcycle with a monocoque structure represented by example family member PCT WO2012104592A1. Our understanding, based on information from Saietta, is that Saietta decided to allow this family of applications to fall abandoned due to a lack of commercial relevance and so they have not been listed in the table above. It is likely that all patents and applications in this family are now ceased, but we have not performed any checks to confirm this.

4.3 Below is a description of the progress of Saietta's pending patent applications that have been published. This description is not intended to replace a review of the publicly available registers and file histories available online for at least the UK Intellectual Property Office and the World Intellectual Property Organisation (WIPO):

FAMILY 1

– UK patent application GB1901192.3 – pending application

The UKIPO issued a combined search and examination report on 18 July 2019 for this UK patent application. No objections were raised to the novelty or inventiveness of the claims of the application. Objections were raised to the clarity of certain terms used in the claims. Objections were raised that certain combinations of claims related to the same subject matter as claimed in Saietta's other UK patent application GB1901195.6 (Family 2).

A response to the combined search and examination report was filed with the UKIPO on 29 January 2021 making amendments to the claims to address the clarity and claim conflict objections. Independent claim 1 was amended as follows:

1. A stator (1, 10) for an axial flux electrical machine (100), the stator (1, 10) comprising a plurality of circumferentially distributed conductive coils (12), each of the plurality of conductive coils (12) configured to be connected to a phase of a multi-phase power supply and comprising at least one pair of active sections (121a, 121b), wherein each active section (121a, 121b) extends in a radial direction perpendicular to an axis of rotation of the electrical machine (100), such that, in use, each active section (121a, 121b) interacts with a magnetic field provided by magnets of the axial flux electrical machine rotor, wherein the radially extending active sections (121a, 121b) of each pair are pitched apart in a circumferential direction, and wherein circumferentially adjacent conductive coils (12) circumferentially overlap to define spaces of a first type (141a, 141b, 141c) for receiving a flux guide (30), each space of the first type (141a, 141b, 141c) being a circumferential space between two adjacent active sections of two different coils (12).

A further examination report was issued on 24 March 2021 by the UKIPO. The UK patent examiner reviewed the search report and written opinion issued by the EPO on the corresponding PCT application (see below) and raised equivalent objections, whilst also indicating the same allowable subject matter as identified by the EPO.

A response was filed to the examination report of 24 March 2021 on 17 May 2021. The scope of protection of the independent claims was limited to include the subject matter that was indicated as being allowable by the UKIPO. Independent claim 1 was amended as follows:

1. A stator (1, 10) for an axial flux electrical machine (100), the stator (1, 10) comprising a plurality of circumferentially distributed conductive coils (12), each of the plurality of conductive coils (12) configured to be connected to a phase of a multi-phase power supply and comprising a plurality of ~~at least one~~ pairs of active sections (121a, 121b) connected to each other in series, wherein each active section (121a, 121b) extends in a radial direction perpendicular to an axis of rotation of the electrical machine (100), such that, in use, each active section (121a, 121b) interacts with a magnetic field provided by magnets of the axial flux electrical machine rotor, wherein the radially extending active sections (121a, 121b) of each pair are pitched apart in a circumferential direction, ~~and~~ wherein circumferentially adjacent conductive coils (12) circumferentially overlap to define spaces of a first type (141a, 141b, 141c) for receiving a flux guide (30), each space of the first type (141a, 141b, 141c) being a circumferential space between two adjacent active sections of two different coils (12), and wherein adjacent pairs of active sections (121a, 121b) circumferentially overlap so as to define a space of a second type (142a, 142b) for receiving a flux guide (30), the space of the second type (142a, 142b) being a circumferential space between two adjacent active sections of the same coil but different pairs of active sections of the coil.

The corresponding independent method claim, to a method of manufacturing a stator, was amended in a similar manner.

It is likely that the UKIPO will issue a patent around 6 – 12 months from the date that the latest response was filed (i.e. from 17 May 2021). It is possible that a patent could be issued sooner, depending on the workload of the UKIPO patent examiner. This is provided that no additional objections are raised by the UK patent examiner, for example if third party observations are filed or if further examination reports are issued by other patent offices that the UK examiner then takes into account.

– PCT patent application PCT/GB2020/050213 – pending application

The deadline of 30 months from the earliest priority date for converting this PCT application into national or regional patent applications in the countries of interest is 29 July 2021.

The EPO, acting as the International Searching Authority, issued a search report and accompanying written opinion on 23 April 2020. The search report cites different prior art documents to those cited in the UK combined search and examination report. The search report raises objections that the independent claims and a number of the dependent claims are not novel or are not inventive. A number of minor clarity objections and other formal objections are also raised.

The International examiner's opinion is that a number of the dependent claims are novel and inventive over the prior art found in the search. In particular, claims 3 to 5, 9, 16, 32 and 33 are identified as being allowable.

Since the EPO acted as the International Searching Authority, if the scope of protection of the independent claims were limited to include the subject matter of any of these allowable claims it is likely that the EPO would issue a patent around 6 – 12 months after the PCT application is converted into an EPO patent application. This assumes that the EPO examiner does not change and that no further objections are raised, for example based upon further searching performed by the examiner or third party observations.

Other patent offices will perform their own examination of the application in due course after the PCT application is converted into respective national applications.

A further detailed review of the international search report and accompanying written opinion should be performed before the deadline for converting the PCT application into national patent applications in order to determine if a broader scope of protection than that suggested by the EPO examiner can be justified.

FAMILY 2

- UK patent application GB 1901195.6 – allowed by the UKIPO with grant expected in July 2021.

The UKIPO issued a combined search and examination report on 18 July 2019 for the UK patent application. Objections were raised to the novelty or inventiveness of the independent claims and a number of the dependent claims. Objections were raised to the clarity of certain terms used in the claims of the application. Objections were raised that certain combinations of claims in the UK patent application related to the same subject matter as claimed in Saietta's other patent application GB1901192.3 (Family 1).

No objections were raised to dependent claims 13 or 17. Claim 13 relates to, in effect, a pair of coils and specifies that the current flows in the same direction along adjacent active sections which are separated by a space of the second type (spaces between different pairs of the same coil) for a flux guide. Claim 17 specifies that the power supply connection portions of the coil are on the outer edge of the coil.

A response to the combined search and examination report was filed with the UKIPO on 29 January 2021, amending independent claim 1 to incorporate the subject matter of claim 17. The claims were further amended to address the clarity and claim conflict objections. As amended, claim 1 reads:

1. A conductive coil (12; 120) for a yokeless axial flux electrical machine stator (1) with distributed windings and flux guides (30), the conductive coil (12; 120) comprising a first active section (121a) and a second active section (121b), each active section (121a, 121b) extending in a ~~generally~~ radial direction ~~substantially~~ perpendicular to an axis of rotation of the electrical machine (100), such that, in use, each active section (121a, 121b) interacts with a magnetic field provided by magnets of the yokeless axial flux electrical machine rotor, and comprising a plurality of winding turn portions (131a, 131b), each winding turn portion (131a) being stacked in a plane perpendicular to the circumferential direction to form said first active section (121a), and each winding turn portion (131b) being stacked in a plane perpendicular to the circumferential direction to form said second active section (121b); ~~parallel to the axis of rotation such that a cross section perpendicular to the radial direction of each active section (121a, 121b) is elongate with a major dimension parallel to the axis of rotation,~~ and wherein the second active section (121b) is pitched apart in a circumferential direction and axially offset from the first active section (121a), the conductive coil (12; 120) further comprising first and second connection portions for connecting the conductive coil to a power supply, wherein the first connection (128) and second connection (128'; 129) portions are provided proximate to a radially outer end of the coil.

On 29 March 2021 the UKIPO issued a communication confirming their intention to grant this application shortly after 29 April 2021.

Reddie & Grose LLP have informally enquired about the date of grant with the UKIPO, who have indicated that, following an internal office error, the application is ready to be granted at the next available opportunity. Due to their internal systems this means that grant will take place on 7 July 2021. However, as of the date of this report the official register has not yet been updated to confirm grant. We would expect this to happen very shortly.

– PCT patent application PCT/GB2020/050211 – pending application

The deadline of 30 months from the earliest priority date for converting this PCT application into national or regional patent applications in the countries of interest is 29 July 2021.

The EPO, acting as the International Searching Authority, issued a search report and accompanying written opinion on 17 April 2020. The search report cites different prior art documents to those cited in the UK combined search and examination report. The search report raises objections that the independent claims and a number of the dependent claims are not novel or are not inventive. A number of minor clarity objections and other formal objections are also raised.

The International examiner's opinion is that at least claims 11 to 14 and 25 (as well as corresponding method claims 29 and 31) are novel and inventive over the prior art found in the search. Notably claims 11 to 14 relate to a similar aspect of the invention also found to be novel and inventive by the UKIPO examiner. If the independent claims are amended to include the subject matter of at least claim 11 (and perhaps also claim 13 in view of the UKIPO search report) then it is likely that the EPO would issue a patent around 6 – 12 months after the PCT application is converted into an EPO patent application. This is because the EPO will use the international search report as the basis for their further examination when the PCT application is converted into an EPO patent application. This assumes that the EPO examiner does not change and that no further objections are raised, for example based upon further searching performed by the examiner or the filing of any third party observations.

Other patent offices will perform their own examination of the application in due course after the PCT application is converted into respective national applications.

A further detailed review of the international search report and accompanying written opinion should be performed before the deadline for converting the PCT application into national patent applications in order to determine if a broader scope of protection than that suggested by the EPO examiner can be justified.

FAMILY 3

– PCT patent application PCT/GB2020/050210 – pending application

The deadline of 30 months from the earliest priority date for converting this PCT application into national or regional patent applications in the countries of interest is 29 July 2021.

The EPO, acting as the International Searching Authority, issued a search report and accompanying written opinion on 28 April 2020 in relation to invention xiv. The search report raises objections that all of the claims are either not novel or are not inventive. A number of minor formal objections are also raised.

The novelty and inventive step objections have not been reviewed in detail at this stage. A review will be performed to determine whether the claims currently pending in the PCT application are tenable. It should be noted that it is still possible to amend the claims before they are examined by any of the national patent offices when the PCT application is converted into national patent applications. This gives an opportunity to seek protection for any of the other inventions described in the PCT application.

- 4.4 Reddie & Grose LLP is not aware of any third parties who have rights of ownership to the patent applications listed in the table above. There are certain third parties who have limited licences, or rights to obtain such licences, from Saietta in relation to the APC6 and APC16 projects that Saietta is involved in.

The inventors listed against Saietta's published applications are as follows:

Family 1: Christopher Roger Lines

Family 2: Christopher Roger Lines

Family 3: Christopher Roger Lines, Samuel Andrew Joshua Shore, Benjamin Charles Toms and Mark Peter Fraser

Our understanding, based on information provided by Saietta, is that, with the possible exception of Samuel Shore, these inventors were all employees of Saietta at the time of invention and that the right to be granted patents to these inventions belongs to Saietta by virtue of this employment under UK law. In addition, contracts of employment for all inventors listed above have been reviewed by us and include appropriate clauses to assign IP generated in the course of their employment to Saietta.

Based on information provided by Saietta we understand that Samuel Shore was an employee of Saietta at the time of invention of the subject matter contained in UK patent application GB 1901209.5 of Family 3. Mr. Shore then ceased to be an employee in March 2019 but continued working for Saietta as a self-employed contractor. To the extent that Mr. Shore contributed to the additional subject matter added in to PCT application PCT/GB2020/050210 over the original GB patent application whilst acting as a contractor (instead of as an employee), the right to be granted a patent for this additional subject matter would not automatically pass from Mr. Shore to Saietta in the same way that it would for an employee that invented the subject matter as part of their normal or specifically assigned duties. However, an assignment has been executed between Mr. Shore and Saietta confirming that the right to be granted a patent for this additional subject matter belongs to Saietta. Therefore, the chain of entitlement from the inventor Mr. Shore to Saietta appears to be in order.

We have not checked the correctness of the inventorship of any applications. The inventors have been listed based upon information provided by Saietta. We have not checked if there are any conflicting contracts that may impact the entitlement of Saietta as derived from the inventors.

We are aware of a number of funding grants made to Saietta, some involving collaborators. Based on information provided by Saietta we understand that the majority of these grants are not relevant to Saietta's current business interests relating to their motor design, and we have not reviewed these grant documents or any related agreements to check whether they conflict or create issues with Saietta's ownership of their IP. In particular, from Saietta we understand that it is only the Advanced Propulsion Centre UK grants APC6 and APC16 that are relevant to their AC synchronous axial flux motor design.

The APC6 grant relates to a project managed by Westfield Sportscars Limited and includes a collaboration between Westfield Sportscars Limited, Advanced Innovative Engineering, General Engine Management Systems, Saietta, and the University of Bath. The copy of the collaboration agreement provided to us by Saietta indicates that each party shall own any resulting IPR generated by it under the project and shall be responsible for securing ownership of the resulting IPR. Each party to the agreement has limited rights to obtain licences on a royalty free basis for certain non-commercial purposes. Each party to the agreement has the right to obtain a licence on a non-exclusive basis on fair and reasonable terms if they want to commercially exploit any intellectual property rights resulting from the project. Each party also has the right to a non-exclusive licence to any intellectual property rights resulting from the project and any background intellectual property rights that may be required to enable that party to exploit its own intellectual property rights developed as part of the project.

The APC16 grant relates to a project to assist Saietta with improving the large scale manufacture of their motor design. The collaboration agreement entered into as part of this grant process involves Saietta, Brandauer Ltd and AEV Ltd, with Saietta being the lead partner. The copy of the collaboration agreement provided to us by Saietta confirms that any background intellectual property (being any intellectual property that does not arise in the course of carrying out the project) belongs to the originating party. It also confirms that any intellectual property developed in the course of carrying out the project belongs to the developing party. The collaboration agreement grants to each of the other parties a royalty free non-exclusive licence to any background intellectual property to the extent needed for those parties to conduct the project and to exploit any intellectual property arising in the course of carrying out the project. The collaboration agreement requires any of the parties to grant a

royalty free non-exclusive licence to any intellectual property developed in the course of carrying out the project for the purposes of carrying out the project and for commercially exploiting intellectual property generated as part of the project.

5. Reddie & Grose LLP is not aware of any current challenges or disputes relating to any of the patent applications listed in the table above, including any challenges to the validity, subsistence or ownership of such rights.

Reddie & Grose LLP is aware of a prior dispute to the ownership and infringement of certain IP rights relating to an older motor design by the individuals Arvind Rabadia and Cedric Lynch as part of a broader dispute as to whether a merger between Saietta Engineering Private Limited and Saietta Group Limited had completed. The older motor design is a DC and AC axial flux motor based on copper strips, wires, magnets fixed on the surface of the ferrous end-plates or in pockets/recesses on the surface and magnets in the pocket/recess. According to Saietta the particular motor topology is not suitable for sinusoidal motor control and is therefore of no interest to them. A final settlement agreement has been executed relating to the merger settling this matter. This agreement confirms, among other things, that the relevant abovementioned patent families relating to Saietta's new motor design (specifically patent families 1, 2 and 3), belong to Saietta.

6. Reddie & Grose LLP is not aware of any prospective or alleged infringement by third parties of any of the patent applications of Saietta.
7. Apart from the objections raised by the intellectual property offices detailed in section 4.3 above, Reddie & Grose LLP are not aware of any further specific circumstances which might affect the patent applications of Saietta or the validity, enforceability, subsistence or registration of these rights.
8. Below we discuss the risks associated with infringement of third party patent rights by Saietta.

Owning a patent to a patented process or product does not grant the right to implement that process or manufacture the product. The working of one patented method or product may still infringe another patent. A patent only gives the owner the right to prevent others from working the patented invention. The question therefore is what risk is associated with Saietta working their motor design in relation to third party patents.

Freedom to Operate: AC Axial Flux electrical machine

A search for patent rights in the name of various known competitors was previously carried out, and was updated in March 2021. In addition, a more general patent search was carried out in March 2021 for patents or patent applications of potential relevance to Saietta's core technology of a multi-phase AC axial flux electrical machine having distributed windings.

These recent searches were carried out by a respected and competent provider offering intellectual property research services.

Competitor Name Searches:

The list of competitor names searched were provided by Saietta.

The competitor name searches were not limited by territory, and so it is not expected that any published patents or patent applications would have been excluded. However, there are gaps in the database coverage as set out in the appendix below.

Each patent family was briefly analysed based on titles and abstracts to determine its potential relevance to Saietta's core technology of a multi-phase AC axial flux electrical machine having distributed windings. In order to meet a limited budget and timescale, patents and patent applications relating to peripheral technology were excluded based upon titles and abstracts without detailed consideration and this assumes that the titles and abstracts correctly categorise the inventions being claimed. Where it was unclear from the title or abstract if a patent family related to this core technology the independent claims were reviewed to see if they covered it.

2147 patent families were identified in the competitor name search. Based on the review set out above, none of these patent families were considered to be relevant to the core technology, and so the immediate risk of Saietta's core technology infringing the identified patent rights of the named competitors is considered to be low based upon this review.

General Patent Search:

The more general patent search was limited to territories identified as being of particular commercial relevance by Saietta; those territories being the UK, the USA, China, Japan, India, Brazil, and European patents and patent applications, as well as International (PCT) patent applications which could cover any of those territories through designation.

The search definition used for the more general patent search was directed to the core technology of a multi-phase AC axial flux electrical machine having distributed windings as set out in Appendix 1. The search was carried out based on International classifications in combination with key words, as is standard practice to reduce the number of documents covered in order to meet a finite budget. The searches were supplemented with further searches for assignees/inventors of good results, as well as forward and backward citation analysis.

The searches were conducted on a variety of proprietary patent databases accessible by the search provider as set out in the appendix.

Freedom to Operate searches of this type are notoriously difficult to make fully comprehensive, because it is not possible to search all potentially relevant patent documents. Unpublished patent applications cannot be searched. The strategy of limiting to International classifications means that any documents misclassified by patent offices may not be identified. In addition, the use of key words to restrict the number of patent documents identified makes the search reliant on the chosen key words appearing in the documents; although every effort was made to use a variety of synonyms, it is not always possible to identify every relevant synonym. In particular, where patent documents were originally filed in a foreign language, standard technical terms may not have been used, or may have been incorrectly translated. Furthermore, limiting the search to European patents and applications, and PCT applications, means that relevant national patents and applications in Europe may not be found if they do not have corresponding European or PCT family members. Any conclusions in relation to the search results are based on UK law relating to patent infringement. The opinion of local attorneys for any other jurisdictions has not been sought, and where local law differs to UK law on patent infringement (for example on the application of infringements of equivalents) this could lead to a different finding on infringement.

The search provider identified 16 patent families requiring further consideration.

Of the 16 patent families, two comprised only patents or patent applications that are considered withdrawn or abandoned, and so were not analysed for relevance.

Ten of the 16 patent families were considered not to present any infringement risk to Saietta because their independent claims required features not present in Saietta's core technology relating to their multi-phase AC axial flux electrical machine having distributed windings.

Three of the 16 patent families comprising only granted, or abandoned, patents were considered to present a very low risk of infringement in China and the US only, by Saietta's core technology relating to their multi-phase AC axial flux electrical machine having distributed windings. In each case, there did not appear to be direct infringement of the granted independent claims. Nevertheless, it was considered that there was a very small chance that a court would interpret the claims broadly, based on equivalents, and so find infringement.

One of the 16 patent families comprised pending patent applications in the US, China and Japan, and currently has two broad independent claims which Saietta's core technology relating to their multi-phase AC axial flux electrical machine having distributed windings might be considered to infringe. Nevertheless, the risk of infringement is considered low, because it is expected that these patent applications will not grant with claims having the current broad scope of protection, and it is necessary for a patent to be granted before action for infringement can be taken by the patent holder. One of the independent claims is directed to, in effect, a laminated flux guide; it is considered that the use of laminated flux guides would

have been well-known at the priority date of this patent application. The other independent claim is directed to, in effect, a rotor having a component to improve the torque transmission from the magnets to the rotor body; it is considered that this claim is only of relevance if it is interpreted broadly, but would then in our view be considered not valid because rotors having components to retain magnets were well-known at the priority date of this patent application.

Saietta have been advised to watch these patent applications to see if they are amended during examination by the respective patent offices, and to take action to invalidate them if necessary.

In summary, the infringement risk position of Saietta's core technology relating to their multi-phase AC axial flux electrical machine having distributed windings has been appropriately analysed through patent searching and review of the results, and the risk of infringement has been found to be real but low.

Whilst we believe that a comprehensive infringement risk analysis has been carried out in relation to Saietta's core technology, the inherent limitations of this type of investigation means that there can be no guarantee of freedom to operate for Saietta.

9. In conclusion our view is that Saietta has established an appropriate patent position to protect their core technology and are taking appropriate steps to improve their position with further filings. They have already had a UK patent application relating to their core technology allowed whilst preserving the possibility of obtaining broader protection via a corresponding PCT application. Allowable subject matter has also been identified in another of their application families by both the UKIPO and the EPO and grant of a further patent by each of the intellectual property offices appears very likely if protection is limited to this subject matter.

Freedom to operate investigations have been carried out and our conclusion is that there is a real but low risk of Saietta infringing third party patent rights in relation to the commercialisation of their core motor technology in the jurisdictions covered by the investigations.

Yours faithfully

Reddie & Grose LLP
30 June 2021

APPENDIX 1

Scope of competitor name searches:

Search was limited to patents and applications listing an assignee featuring on a list of competitors provided to us by Saietta.

The names of interest were searched in PatWorld and Questel Patent Portal.

Limitations

Patents and applications filed after: 20010301

Territories covered: WO^[1], US, EPO, GB, DE, FR, CA, AU, CN, JP, KR, Rest of the world^[2]

[1] Filed in last 5 years.

[2] Includes AM, AP, AR, AT, BA, BE, BG, BR, BY, CH, CL, CO, CR, CS, CU, CY, CZ, DD, DK, DO, DZ, EA, EC, EE, EG, ES, FI, GC, GE, GR, GT, HK, HN, HR, HU, ID, IE, IL, IN, IS, IT, JO, KE, KG, KZ, LT, LU, LV, MA, MC, MD, ME, MN, MT, MW, MX, MY, NI, NL, NO, NZ, OA, PA, PE, PH, PL, PT, RO, RS, RU, SA, SE, SG, SI, SK, SM, SU, SV, TH, TJ, TN, TR, TT, TW, UA, UY, UZ, VN, YU, ZA, ZM, ZW. Coverage is not complete for some of these territories and assessment would be based on machine translations of titles and abstracts and picking up any family members e.g. PCT.

Scope of general “Freedom to Operate” patent search:

Search was limited to patents and applications relating to an AC synchronous axial flux electrical machine, having distributed windings configured to be connected to a phase of a multi-phase power supply and comprising at least one pair of active sections, wherein each active section extends in a generally radial direction substantially perpendicular to an axis of rotation of the electrical machine, wherein the generally radially extending active sections of each pair are pitched apart in a circumferential direction, and wherein circumferentially adjacent conductive coils circumferentially overlap to define spaces of a first type for receiving a flux guide, each space of the first type being a circumferential space between two adjacent active sections of two different coils.

The following databases were used for the search:

- PatWorld
- Questel Patent Portal
- Derwent Innovation
- TotalPatent One
- Espacenet
- PAJ (Patent Abstracts of Japan)

Limitations

Patents and applications filed after:

1 March 2001

Territories covered:

WO, US, EPO, GB, CN, IN^[1], BR^[1], JP

[1] Database coverage is not complete for these territories and assessment would be based on machine translations of titles and abstracts and picking up any family members e.g. PCT.

PART V

CORPORATE GOVERNANCE

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, it is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and have decided to adopt the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company will comply with the ten principles of the QCA Code, with effect from Admission as detailed below.

Principle 1: Establish a business strategy and business model which promote long-term value for Shareholders

The Group's business model and strategy is set out in Part I of this document. 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 principal risks facing the Group are set out in Part II of this document. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission, including implementing a risk management framework.

Principle 2: Seek to understand and meet Shareholder needs and expectations

Prior to Admission, the Directors undertook a roadshow which has informed the Company as to its Shareholders' expectations following Admission.

In due course following Admission, the Company's annual report and notice of annual general meeting ("**AGM**") will be sent to all Shareholders and will be available for download from the Company's website.

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. 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: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, staff and customers part of its business strategy. The Directors will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business.

The Company intends to implement a formal Environmental, Social, Regulatory and Governance Responsibility (ESG) policy, strategy and committee in due course. The committee will monitor the implementation of ESG practises to ensure the Group conducts its business with a view of long-

term sustainability for its customers, employees, communities, the environment as well as its shareholders.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Group are set out in Part II of this document. The Directors will take appropriate to identify risks and undertake a mitigation strategy to manage these risks following Admission. A review of these risks will be carried out at least on an annual basis, the results of which will be included in the Annual Report and Accounts going forward.

The Board has overall responsibility for the determination of the Group's risk management objective and policies and has also established the Audit Committee.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chairman

On Admission the Board will comprise the following persons:

- three Non-Executive Directors including the Non-Executive Chairman; and
- two Executive Directors.

The biographies of the Directors are set out in paragraph 11 of Part I of this document. The Non-Executive Directors Anthony Gott and David Wilkinson are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.

The Board is also supported by the Audit Committee, the Remuneration Committee and Nomination Committee, further details of which are set out in paragraph 17.4 of Part I of this document.

The Board will meet regularly and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. However, it is the intention of the Board to appoint a further independent non-executive director in due course.

Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out in paragraph 11 of Part I of this Document.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to drive the Group forward.

The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules and the Company's solicitors in respect of continued compliance with, *inter alia*, MAR.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the Board, Audit Committee, Remuneration Committee, and individual performance of each Director. The Company has a Nomination Committee which will conduct a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. The outcomes of performance will be described in the Annual Report and Accounts of the Group.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

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: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit Committee, Remuneration Committee and Nomination Committee, further details of which are set out in paragraph 17.4 of Part I of this document. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advices, as necessary, to enable the committee to fulfil its duties.

The Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

Responses to the principles of the QCA Code and the information that will be contained in the Company's Annual Report and Accounts provide details to all stakeholders on how the Company is governed. The Board is of the view that the Annual Report and Accounts as well as its half year report are key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given the Shareholders following Admission.

Additionally, the Board will use the Company's AGMs as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress.

The Company's website will be updated on a regular basis with information regarding the Group's activities and performance, including financial information.

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

PART VI

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and functions are set out on page 10 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company is domiciled in the United Kingdom and was incorporated and registered as a private company limited by shares on 10 November 2008 in England and Wales under the Act with the name Agility Racing Limited and with registration number 06744840. On 5 January 2011, the Company changed its name to Agility Global Limited. On 6 June 2015, the Company changed its name to Saietta Group Limited.

2.2 On 24 June 2021, the Company was re-registered as a public limited company under the Act and its name was changed to Saietta Group plc.

2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Placing Shares will be issued is the Act and regulations made thereunder.

2.4 The Company's principal activity is carrying out the electric motor business of the Group. It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.5 of this Part VI. Further details of the history and background of the Company and the subsidiary undertakings are set out in paragraph 3 of Part I of this document.

2.5 As at the date of this document, the Company has, and will on Admission have, the following subsidiary undertakings, all of which are directly wholly-owned:

Name of company	Country of incorporation	Percentage held
Saietta Europe BV	The Netherlands	100%
Saietta Motorbikes Limited	United Kingdom	100%
Saietta Racing Ltd	United Kingdom	100%

2.6 The registered office and principal place of business of the Company is at Building 210 Heyford Park, Camp Road Upper Heyford, Oxfordshire, OX25 5HE, and its telephone number is +44(0) 1869 233 121.

2.7 The Company's website address is <https://saiettagroup.com/>

3. Share Capital of the Company

- 3.1 As at the date of this document and, assuming that the Placing is fully subscribed, immediately following Admission, the issued and fully paid up share capital of the Company is, and will be, as follows:

	Number of Ordinary Shares issued and credited as fully paid	Aggregate nominal value (£)
As at the date of this document	47,200,522	51,920.5742
Immediately prior to Admission	58,564,346	64,420.7806
Immediately following Admission	85,045,703	93,550.2733

- 3.2 On incorporation the share capital of the Company was £100 divided into 100 ordinary shares of £1.00 each. The subscriber shareholder was SDG Registrars Limited, who held 1 ordinary share of £1.00.

- 3.3 The following changes to the share capital of the Company have taken place since 1 April 2018 to the date of this document:

- 3.3.1 on 25 April 2018, 427,351 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 16,028,490 ordinary shares with an aggregate nominal value of £1,602.849;

- 3.3.2 on 13 June 2018, 177,818 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 16,206,308 ordinary shares with an aggregate nominal value of £1,620.6308;

- 3.3.3 on 6 September 2018, 1,306,838 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 17,513,146 ordinary shares with an aggregate nominal value of £1,751.3146;

- 3.3.4 between 16 October 2018 and 9 November 2018, 275,185 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 17,788,331 ordinary shares with an aggregate nominal value of £1,778.8331;

- 3.3.5 between 1 December 2018 and 17 January 2019, 491,453 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 18,279,784 ordinary shares with an aggregate nominal value of £1,829.9784;

- 3.3.6 on 4 February 2019, 114,196 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 18,393,980 ordinary shares with an aggregate nominal value of £1,839.3980;

- 3.3.7 between 25 February 2019 and 10 April 2019, 2,273,786 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 20,667,766 ordinary shares with an aggregate nominal value of £2,066.7766;

- 3.3.8 on 3 July 2019, 133,333 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 20,801,099 ordinary shares with an aggregate nominal value of £2,080.1099;

- 3.3.9 between 21 August 2019 and 16 October 2019, 1,248,441 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 22,049,540 ordinary shares with an aggregate nominal value of £2,204.9540;

- 3.3.10 between 19 November 2019 and 19 February 2020, 1,108,332 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 23,157,872 ordinary shares with an aggregate nominal value of £2,315.7872;

- 3.3.11 on 18 March 2020, 19,990,727 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 43,148,599 ordinary shares with an aggregate nominal value of £4,314.8599;

- 3.3.12 on 22 April 2020, 1,478,449 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 44,627,048 ordinary shares with an aggregate nominal value of £4,462.7048;
- 3.3.13 between 24 June 2020 and 21 October 2020, 1,158,083 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 45,785,131 ordinary shares with an aggregate nominal value of £4,578.5131;
- 3.3.14 on 16 December 2020, 27,009 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 45,812,140 ordinary shares with an aggregate nominal value of £4,581.2140;
- 3.3.15 on 18 February 2021, 54,019 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 45,866,159 ordinary shares with an aggregate nominal value of £4,586.6159;
- 3.3.16 between 22 March 2021 and 23 March 2021, 1,334,363 ordinary shares of nominal value of £0.0001 each were allotted. The total statement of capital of the Company was 47,200,522 ordinary shares with an aggregate nominal value of £4,720.0522;
- 3.3.17 on 25 March 2021, being the date on which the Capitalisation and the Bonus Issue (as defined in paragraph 4.1.1(a) below) completed, 472,005,220 ordinary shares of £0.0001 each were allotted. The total statement of capital of the Company was 519,205,742 ordinary shares of £0.0001 with a total aggregate nominal value of £51,920.5742; and
- 3.3.18 on 18 June 2021, being the date on which the Consolidation (as defined in paragraph 4.2.1(a) below) completed, 519,205,742 ordinary of £0.0001 each in the capital of the Company were consolidated at a rate of 1-for-11 into 47,200,522 ordinary shares of £0.0011. The total statement of capital of the Company was 47,200,522 ordinary shares of £0.0011 with a total aggregate nominal value of £51,920.5742.
- 3.4 By virtue of the written resolutions passed by the requisite number of Shareholders on 18 June 2021 and the re-registration of the Company as a public limited company under the name Saietta Group plc becoming effective on 24 June 2021:
- (a) the Directors are generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the capital of Company up to an aggregate nominal amount of £92,683.90, comprising:
- (i) up to an aggregate nominal amount of £52,862.13, in connection with the Placing; and
- (ii) otherwise than in connection with the matters set out in subparagraph 3.4(a)(i) above, conditional on Admission, up to an aggregate nominal value equal to the lesser of £39,821.77 and one third of the nominal amount of the Enlarged Issued Share Capital,
- and this authorisation shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Company's next annual general meeting, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require shares to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot shares (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired, been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 551 of the Act;
- (b) the Directors are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorisation conferred by paragraph 3.4(a) above as if section 561 of the Act did not apply to the allotment, up to an aggregate nominal amount of £64,808.66, comprising:

- (i) up to an aggregate nominal amount of £52,862.13, in connection with the Placing; and
- (ii) otherwise than in connection with the matters set out in subparagraph 3.4(b)(i) above, conditional on Admission, up to an aggregate nominal value equal to the lesser of £11,946.53 and one tenth of the aggregate nominal amount of the Enlarged Issued Share Capital,

and this authorisation shall, subject to the continuance of the authority conferred by paragraph 3.4(a) above and unless previously renewed, revoked or varied by special resolution, expire at the conclusion of the Company's next annual general meeting, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require equity securities to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot equity securities (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired or been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 570 of the Act.

- 3.5 Save as disclosed in this Part VI, since 31 March 2021 (being the date of the most recent balance sheet included in Part III of this document) (other than pursuant to the Placing, the exercise of Options or the conversion of the Loan Notes):
 - 3.5.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
 - 3.5.2 no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
 - 3.5.3 no person has any preferential subscription rights for any share capital of the Company;
 - 3.5.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
 - 3.5.5 neither the Company nor any other member of the Group holds any of the Ordinary Shares;
 - 3.5.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
 - 3.5.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.6 The Ordinary Shares have been created under the Act.
- 3.7 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Group to issue shares in uncertificated form.
- 3.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.9 The Group does not have in issue any securities not representing share capital.
- 3.10 There are no issued but not fully paid Ordinary Shares.
- 3.11 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.
- 3.12 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.
- 3.13 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

4. Reorganisation

4.1 In connection with Admission, the Company has implemented the following reorganisation steps (together, the “**Reorganisation**”):

4.1.1 on 25 March 2021:

- (a) the Directors capitalised the sum of £47,200,522 standing to the credit of the share premium account of the Company and appropriated that sum to the holders of ordinary shares of £0.0001 each as appearing on the Company’s register of members as at midday on 24 March 2021 (the “**Record Date**”) and applied such sum in paying up in full 472,005,220 new ordinary shares of £0.0001 each, credited as fully paid, to those existing holders at a rate of 10 new ordinary shares of £0.0001 each for every 1 ordinary share of £0.0001 each held by them on the Record Date (the “**the Capitalisation and the Bonus Issue**”);
- (b) immediately following the Capitalisation and the Bonus Issue, the balance standing to the credit of the share premium account was cancelled and the amount so cancelled was credited to a reserve; and

4.1.2 on 18 June 2021:

- (a) the Company consolidated 519,205,742 issued ordinary shares of £0.0001 each in the capital of the Company at a rate of 11-1 into 47,200,522 ordinary shares of £0.0011 each (the “**Consolidation**”);
- (b) the re-registration of the Company as a public limited company by the name of Saietta Group plc was approved by the Shareholders; and
- (c) the adoption of new articles of association appropriate for a public limited company listed on AIM in substitution for and to the exclusion of all other articles of association (with effect from the re-registration of the Company as a public limited company) was approved by the Shareholders.

4.2 The re-registration of the Company as a public limited company by the name of Saietta Group plc and the adoption of the new articles of association took effect on 24 June 2021.

4.3 The Reorganisation did not affect the Company’s operations.

5. Articles of Association

5.1 General

5.1.1 The Articles, which were adopted by the Company with effect from the re-registration of the Company as a public limited company, available to download at the Company’s website, <https://saiettagroup.com/>, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

5.1.2 In this paragraph 5 of Part VI, “Statutes” means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

5.1.3 The Company has unrestricted objects.

The Articles contain provisions, among others, to the following effect:

5.2 Meetings of members

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Act.

An annual general meeting shall be called by at least 21 clear days’ notice. All other general meetings shall be called by at least 14 clear days’ notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the

Company. The notice shall specify the time and place of the meeting and, in the case of special business, the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting.

The directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion.

A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

5.3 Voting rights

At a general meeting of the Company, subject to any special rights or restrictions attached to any class of shares:

5.3.1 on a show of hands every member present in person has one vote, every duly appointed proxy present has one vote (unless he has been appointed by more than one member and has been instructed by one or more members to vote for a resolution and by one or more other members to vote against it, in which case he has one vote for and one vote against the resolution) and any person duly appointed to act as the authorised representative of a corporate member (or each of them if more than one) has one vote; and

5.3.2 on a poll every member has one vote for every share held by him.

No shareholder will be entitled to vote at a general meeting or any separate meeting of the holders of any class of shares in the Company in respect of any share held by him unless all moneys presently owed to the Company have been paid.

5.4 Alteration of capital

The Company may from time to time by ordinary resolution:

5.4.1 consolidate and divide all or any of its shares into shares of larger amount; and

5.4.2 sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division.

The Group may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

5.5 Variation of rights

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

5.6 Purchase of own shares

Subject to the provisions of the Act, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

5.7 **Transfer of shares**

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

5.8 **Dividends and other distributions**

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions.

In a winding up, the liquidator may, subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

5.9 **Restrictions on shares**

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 793 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board (of the Company) may serve on such member or on any such person a notice ("a direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned (less any shares of that class held in treasury) the direction notice may in addition direct that: (i) except in a liquidation of the Company, no payment shall be made by the Company on the default shares, whether in respect of capital or dividend or otherwise, (ii) no other distribution shall be made on the default shares; and (iii) no transfer of any of the shares held by the member shall be registered unless: (A) the member itself is not in default as regards supply the requested information and the member certifies that no person in default as regards supplying the requested information is interested in any of the shares the subject of the transfer; (B) the transfer is an approved transfer; or (C) registration is required under regulation 27 of the CREST Regulations. The prescribed period referred to above means 14 days from the date of service of the notice under Section 793.

5.10 **Directors**

5.10.1 At the first annual general meeting of the Company all of the directors for the time being shall retire from office and put themselves up for re-election. At every subsequent annual general meeting, any director appointed by a resolution of the Board shall retire and in

addition to any director who was not appointed or re-appointed at one of the preceding two annual general meetings.

- 5.10.2 Save as provided in sub-paragraph 5.10.3 below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- 5.10.3 The prohibition in sub-paragraph 5.10.2 above shall not apply to a director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its Subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its Subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its Subsidiaries by him; (iv) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of employees of the Company or any of its Subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.
- 5.10.4 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The directors may pay pensions and other benefits to, *inter alia*, present and past employees and directors and may set up and maintain schemes for the purpose.
- 5.10.5 Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two. There is no maximum number of directors. A director shall not be required to hold any shares of the Company by way of qualification.

5.11 **Borrowing powers**

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. **The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules**

6.1 **Mandatory bids**

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest

in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

6.2 **The Concert Party**

It has been agreed with the Panel that there are several concert parties in existence. On Admission, the interests of each respective concert party will be less than 30 per cent. of the Enlarged Share Capital.

6.3 **Compulsory acquisition – squeeze out**

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.4 **Compulsory acquisition – sell out**

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. **Interests of the Directors**

7.1 The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules for Companies) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document, immediately prior to Admission and, assuming that the Placing is fully subscribed, immediately following Admission:

Name	As at the date of this document		Immediately prior to Admission		Immediately following Admission	
	No. of Ordinary Shares	% of Existing Share Capital	No. of Ordinary Shares	% of then issued share capital	No. of Ordinary Shares	% of Enlarged Share Capital
Wicher Klaas Kist	Nil	—	1,437,601	2.5%	1,295,174*	1.5%
Steven Harrison	Nil	—	Nil	—	Nil	—%
David Wilkinson	Nil	—	Nil	—	8,333	0.0%
Anthony Gott	Nil	—	Nil	—	Nil	—%
Emmanuel Clair	12,467,615	26.41%	12,738,555	21.8%	12,603,709	14.8%
Paul Preece	Nil	—	1,351,351	2.3%	1,043,517	1.2%
John Michael Winn	6,646,526	14.08%	6,766,526	11.6%	6,326,934	7.4%

* Wicher Kist's Ordinary Shares will be registered in the name of Verto Ago BV, a service company wholly-owned by Wicher and his spouse.

- 7.2 The following table sets out details of the Options held or to be held over Ordinary Shares by the Directors, either as at the date of this document pursuant to the EMI Plan and unapproved option agreements, or in the case of options granted pursuant to the LTIP, immediately prior to Admission.

Name	Plan	Date of award	Number of Ordinary Shares under Option	Number of Ordinary Shares vested	Exercise price	Expiry date
Wicher Kist	EMI	10/12/2020	3,278,403	2,309,079	1.2p	10/12/2030
	Unapproved	1/4/2021	1,750,000	492,188	1.2p	1/4/2031
	Unapproved	10/12/2020	124,750	86,250	1.2p	10/12/2030
	LTIP	6/7/2021	2,500,000	—	1p	6/7/2031
Paul Preece	EMI	10/12/2020	1,959,945	1,459,658	1.2p	10/12/2030
	LTIP	6/7/2021	10,000	—	1p	6/7/2031
Steven Harrison	LTIP	6/7/2021	600,000	—	1p	6/7/2031
Emmanuel Clair	Unapproved	10/12/2020	270,940	270,000	1.2p	10/12/2030
John Michael Winn	Unapproved	10/12/2020	120,000	120,000	1.2p	10/12/2030

- 7.3 The Options granted to Directors under the LTIP shall lapse in the event that Admission has not become effective by 31 July 2021.
- 7.4 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.
- 7.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.
- 7.6 Save as disclosed in this paragraph 7, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

8. Directors' Service Agreements and Letters of Appointment

- 8.1 The Directors have been appointed to the offices and roles set out against their respective names below. The service agreements and letters of appointment summarised below are each between the respective Director and the Company.

8.2 *Directors who will retire at Admission*

- 8.2.1 Pursuant to an agreement with the Company dated 21 September 2017, Paul Preece is employed by the Group as Chief Financial Officer. Mr. Preece's salary is £100,000 per annum. The Company may in its absolute discretion pay to Mr. Preece a bonus of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Mr. Preece's employment commencement date for the purposes of his continuous employment is 21 August 2017. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. Preece or the Company to terminate his employment on three months' notice. Mr. Preece's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers. Mr. Preece has agreed by a letter of resignation dated 29 June 2021 to resign as a statutory director for no compensation with effect from Admission. Following Admission, Mr. Preece will continue to be an employee of the Company.

8.2.2 Michael Winn was most recently appointed as a Director of the company 1 March 2020 (having previously served as a director from June 2017 to July 2017). Mr. Winn has agreed by a letter of resignation dated 29 June 2021 to resign as a statutory director for no compensation with effect from Admission.

8.3 **Executive Directors**

8.3.1 Pursuant to an agreement with the Company dated 29 June 2021, Wicher Kist is employed by the Group as Chief Executive Officer. Mr. Kist's salary is £225,000 per annum. Mr. Kist's salary is currently allocated between the Company and Sietta Europe BV (where such component may, at the discretion of the Board, be allocated to a service company. The Company may in its absolute discretion pay to Mr. Kist a bonus of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Mr. Kist's employment commencement date for the purposes of his continuous employment is 1 March 2018. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. Kist or the Company to terminate his employment on twelve months' notice. Mr. Kist's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

8.3.2 Pursuant to an agreement with the Company dated 29 June 2021, Steven Harrison is employed by the Company as Finance Director. Mr. Harrison's salary is £195,000 per annum. The Company may in its absolute discretion pay to Mr. Harrison a bonus of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Mr. Harrison's employment commencement date for the purposes of his continuous employment is 6 April 2021. In addition to the usual conduct-related termination rights, the service agreement entitles Mr. Harrison or the Company to terminate his employment on twelve months' notice. Mr. Harrison's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of twelve months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

8.4 **Non-Executive Directors**

8.4.1 Pursuant to a letter of appointment with the Company dated 29 June 2021, Anthony Gott has been appointed as the Non-Executive Chairman of the Company with effect from Admission. The appointment is for an initial term of three years, subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving six months' notice at any time. The fee payable to Mr. Gott will be £48,500 per annum before tax. This fee is based on the anticipated time commitment of two days per month. If Mr. Gott is required to devote material additional time to carrying out his duties, the Board intends to pay Mr. Gott an additional fee in the range of £500 – £800 per day before tax depending on the length of the additional time commitment.

8.4.2 Pursuant to a letter of appointment with the Company dated 29 June 2021, David Wilkinson has been appointed as a Non-Executive Director of the company with effect from Admission. The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to Mr. Wilkinson will be £38,500 per annum before tax, with an anticipated time commitment of two days per month.

8.4.3 Pursuant to a letter of appointment with the Company dated 29 June 2021, Emmanuel Clair has been appointed as a Non-Executive Director of the Company with effect from Admission. The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to Mr. Clair will be £32,500 per annum before tax, with an anticipated time commitment of two days per month.

8.5 The aggregate remuneration and benefits in kind paid by the Company to the Directors in respect of the financial period ended 31 March 2021 was £393,600. It is estimated that under the arrangements currently in force as at the date of this document, the aggregate

remuneration payable and benefits in kind to be granted to the Directors by the Company for the financial period ending 31 March 2022 will be approximately £750,000.

9. Additional Information on the Directors

9.1 Other than in respect of the Company, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

Name	Current Directorships/ Partnership	Former Directorships/ Partnerships
Wicher Klaas Kist	Saietta Europe BV Saietta Racing Limited Saietta Motorcycles Limited Verto Ago BV	C K L Developments Limited Kist Holding Limited Verto Consulting BV
Steven Harrison	FAM6 Limited Jato Dynamics Inc.	Arriva Trains Wales / Trenau Arriva Cymru Limited IAG GBS Limited Avios Group (AGL) Limited
David Wilkinson	Goal Group Limited Goal Global Recoveries Limited Global Operation & Administration Limited Goal Taxback Limited C. H. Bailey Group Limited Verso Biosense Group Limited Fire Bidco Limited Bailey Industrial Engineering Limited Marks Electrical Limited PS Enterprises Limited RBG Holdings plc	Ernst & Young LLP Ernst & Young Europe LLP Be Heard Group plc Gametech plc Life From Art Limited YPO Gold London Volunteering Matters
Anthony Gott	Comproperty Sales Limited Brandspring Ltd Sass & Edge Ltd	N/A
Emmanuel Clair	Racanaa Holdings Ltd Mercuria Energy Trading SA	Fleet Trade & Transport Limited
Paul Preece	Psprece Consulting Limited Saietta Motorcycles Limited Saietta Racing Limited	N/A
John Michael Winn	N/A	N/A

9.2 Save as disclosed in paragraphs 9.3 and 9.4 below, none of the Directors has:

9.2.1 any unspent convictions in relation to indictable offences;

9.2.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;

9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;

9.2.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the

assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;

- 9.2.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
- 9.2.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or
- 9.2.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- 9.3 Paul Preece was a director of NAB Estates Limited (company no. 05345184) from 1 March 2008 until 6 October 2008. On 13 November 2008 a liquidator was appointed in relation to a creditors voluntary winding up of the company. NAB Estates Limited was dissolved on 11 October 2012 with a shortfall to unsecured creditors of £73,483.73.
- 9.4 Paul Preece was a director of JPL Environmental Limited (company no. 04317660) from 19 February 2008 until 6 October 2008. On 4 November 2008 a liquidator was appointed in relation to a creditors voluntary winding up of the company. JPL Environmental Limited was dissolved on 11 December 2014 with a shortfall to creditors of £263,599.
- 9.5 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 9.6 No loans made or guarantees granted or provided by any member of the Company to or for the benefit of any Director are outstanding and there are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries.

10. Significant Shareholders

- 10.1 The Company is only aware of the following persons who, as at the date of this document and immediately following Admission, are or will be immediately following Admission interested (within the meaning used in Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally, in 3 per cent. or more of the Company's issued share capital or could exercise control over the Company:

	As at the date of this document		Immediately prior to Admission		Immediately following Admission	
	No. of Ordinary Shares	Percentage of existing share capital	No. of Ordinary Shares	Percentage of existing share capital	No. of Ordinary Shares	Percentage of Enlarged Share Capital
Emmanuel Clair	12,467,615	26.4%	12,738,555	21.8%	12,603,709	14.8%
Amati Global Investors	280,899	0.6%	2,364,232	4.0%	9,530,898	11.2%
Lawrence Marazzi	9,932,637	21.0%	9,932,637	17.0%	7,554,543 ¹	8.9%
Premier Miton Group plc	—	0.0%	—	0.0%	7,100,000	8.3%
John Michael Winn	6,646,526	14.1%	6,766,526	11.6%	6,326,934	7.4%
Schroders Investment Management Ltd	—	0.0%	—	0.0%	5,330,900	6.3%
Canaccord Genuity Inc	—	0.0%	—	0.0%	3,302,080	3.9%
Scott Roberts	2,726,493	5.8%	2,909,643	5.0%	2,681,723	3.2%
Unicorn Asset Management Limited	—	0.0%	2,625,497	4.5%	2,625,497	3.1%

¹ Reflects the transfer of 2,378,094 Ordinary Shares to satisfy the exercise of Options pursuant to the terms of the linking deed between the Company and Mr. Marazzi, details of which are set out in paragraph 13.12 of this Part VI.

- 10.2 The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.
- 10.3 None of the Directors nor any persons named in paragraph 10.1 above has voting rights which are different to those of other Shareholders.

11. Employees

- 11.1 As at 31 March 2021 the Group had a total of 28 permanent employees.
- 11.2 The breakdown of number of employees per main category of activity is as follows:
- (a) Technical: 23;
 - (b) Sales: 2; and
 - (c) Administration: 3.

12. Employee Share Plans

12.1 *EMI Plan*

(a) *Introduction*

The Company established the EMI Plan on 19 December 2013.

The EMI Plan is a tax-advantaged share option plan which has been operated to grant options to subscribe for or acquire Ordinary Shares ("**EMI Options**"). Non-tax advantaged options ("**NTAs**") have been granted on a similar basis. The Company does not intend to operate the EMI Plan following Admission.

(b) *Eligibility*

All employees (including directors) of the Group are eligible for selection to participate in the EMI Plan, at the discretion of the Board. NTA options may be granted to non-employees.

(c) *Life of the EMI Scheme*

EMI Options may be granted at any time in the ten-year period beginning with the date of adoption of the EMI Plan.

(d) *Individual limits on number of EMI Options*

Under the EMI Plan, the grant of EMI Options is limited so that an individual will not be granted options if the total market value of the shares comprised in those EMI Options at the time of the proposed grant, when added to the total market value (at the date of grant) of shares under unexercised EMI Options already granted to him under the EMI Plan (and any share scheme approved under Schedule 4 to ITEPA 2003) would exceed £249,999.

(e) *Aggregate limits on number of EMI Options*

No further EMI Options may be granted under the EMI Plan if, following such grant, the total market value (at the date of grant) of shares which are subject to unexercised EMI Options under the EMI Plan would exceed £3,000,000 (or such other limit as is relevant from time to time for the purposes of Schedule 5 to ITEPA).

(f) *Exercise Price*

The price at which EMI Options may be exercised will be set by the Directors at the date of grant.

(g) *Conditions of Exercise*

The EMI Plan provides for time vesting of options. EMI Options do not continue to vest following cessation of employment or leaving office with the Group.

(h) *Timing of Exercise*

Vested EMI Options may be exercised in connection with the Ordinary Shares being admitted to AIM. In any event EMI Options may not be exercised later than the tenth anniversary of the date of the grant (or such earlier date as may be specified when granted). If an option holder leaves

employment or ceases to hold office with the Group options remain exercisable for 90 days following Admission if they so cease prior to Admission and 90 days after cessation if they so cease after Admission.

(i) Status of EMI Options

All EMI Options are non-transferable. Ordinary Shares issued following exercise of any EMI Option will rank *pari passu* with Ordinary Shares then in issue, save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date of exercise of the EMI Option. EMI Options may be exercised in whole or in part.

(j) Adjustment of EMI Options

The Directors may adjust the number of Ordinary Shares subject to an EMI Option and/or the EMI Option price to take account of any Ordinary Shares issued by the Company (other than as consideration for an acquisition) and/or any capitalisation, consolidation, sub-division or reduction of the capital of the Company.

(k) Amendment of EMI Plan

The EMI Plan may be amended by the Directors but save in limited circumstances changes may not be made to the disadvantage of existing option holders without consent of the majority in number of such option holders.

(l) Grants of EMI Options

As at the date of this document the Company has granted EMI Options under the EMI Plan and NTAs over a total of 14,967,096 Ordinary Shares.

Further details of those EMI Options and NTA Options in favour of Directors are set out in paragraph 7.2 of this Part.

12.2 Long Term Incentive Plan and Consultants Long Term Incentive Plan

On 29 June 2021 the Company established the Saietta Group plc Long Term Incentive Plan (“**LTIP**”) and the Saietta Group plc Consultants Long Term Incentive Plan (“**CLTIP**”) (together the “**Plans**”).

The principal features of the Plans are described below.

(a) Administration

The Plans are discretionary share plans which are administered and operated by the Board or a duly authorised committee. Decisions in relation to the participation in the LTIP by the executive directors will be taken by the Remuneration Committee. The LTIP provides for the grant of both EMI Options and non-tax favoured options.

(b) Eligibility

Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Board. Advisers, consultants, and other non-employees who provide services to the Company will be eligible to participate in the CLTIP.

(c) Form of awards

Awards under the Plans are options to subscribe or acquire Ordinary Shares for an exercise price per Ordinary Share equal to at least the nominal value of an Ordinary Share (“**Awards**”).

(d) Grant of Awards

Awards may normally be granted within the 42 day period beginning on: the date the Plans are adopted; the announcement of the Company’s results for any period and any day on which the Board determines that exceptional circumstances exist which justify the grant of an Award. If the Company is restricted from granting Awards during any normal grant period, Awards may be made in the period of 40 days following the lifting of restrictions.

(e) Performance Conditions

The Board may determine if an Award will be granted subject to the satisfaction of a performance condition which will determine the proportion (if any) of the Award which will vest. A performance period will usually be four years long (or such other duration as the Board determines) and

performance will be tested, and vesting will occur if applicable, at the end of each year in a performance period.

Any performance condition may be varied or substituted if the Board so determines provided that in the opinion of the Board any varied or substituted performance condition is a fairer measure of performance, and no more difficult to satisfy than the original performance condition was at the grant date.

(f) Vesting, release and exercise

Awards subject to a performance condition will normally vest as soon as practicable following the end of each year in the performance period to the extent that the performance condition has been satisfied unless otherwise stated at grant.

Awards may be subject to a holding period so that when vested, options may not generally be exercised until the end of the holding period, which will be the period ending on the fourth anniversary of the date of grant, unless the Board specifies otherwise.

Awards will not be exercisable following the tenth anniversary of the grant date.

(g) Leaver provisions

(i) Unvested Awards

Ordinarily, unvested Awards under the LTIP will lapse on cessation of employment and under the CLIP on the cessation of provision of the relevant services. However, if a participant ceases to hold office or employment or provide services by reason of ill-health, disability, death, redundancy, or for any other reason at the Remuneration Committee's discretion (a "**Good Leaver**"), any unvested Award they hold will usually continue and be exercisable at the originally anticipated vesting date.

If a participant ceases employment or to provide services by reason of death the Award will lapse twelve months after the individual's death.

The extent to which an Award held by a Good Leaver is exercisable will be determined by reference to (a) the extent to which any performance condition has been satisfied (as determined by the Board in the event of exercise before the end of the performance period) and (b) unless the Board determines otherwise, taking into account the proportion of the performance period that has elapsed at the date of cessation.

(ii) Vested Awards

Awards will normally be exercisable, to the extent vested, on and following the date that is twelve months following the date of termination of employment or provision of services (unless the participant is dismissed or provision of services terminated for fraud or gross misconduct or where post-contractual obligations have been breached, in which case the whole Award (whether vested or unvested) will lapse).

(h) the value of any Awards that have been released (clawback). In summary, the power will usually be exercisable in the period ending on the fourth anniversary of the date of grant and the Board will exercise this power where it considers appropriate in cases of: mis-statement of financial information by a group company; material failure of risk management; conduct by the Award holder which results in significant loss to a group company; the Award holder has acted in a way which has brought the Company into material disrepute or where the Award holder has been engaged in fraud, material wrongdoing or gross misconduct.

(i) Corporate events

In the event of a change of control by way of a takeover or scheme of arrangement, or the voluntary winding up of the Company, Awards may be exercised to the extent the Board determines that performance conditions have been met. The extent to which an Award is exercisable will take into account the proportion of the performance period that has elapsed at the date of the event (except where the price in relation to an event exceeds any share price target connected to the vesting of the Award, in which case the Award shall be exercisable in full).

If the Awards are not exercised within an appropriate period, generally six months after the relevant event, they will lapse. There is a provision allowing for the roll-over of Awards with agreement from the acquirer provided that, in the case of EMI Options, such new options continue to meet EMI qualifying conditions

(j) Limits

The number of Ordinary Shares that may be issued or are issuable pursuant to the exercise of the Awards and any other options granted, or awards made, under any other employee share option plan operated by the Company in the previous 10 years may not exceed 10 per cent. of the Company's issued share capital from time to time. Options which were granted prior to Admission under the EMI Plan or any other option arrangements will not count towards this dilution limit.

(k) Variation of share capital

In the event of any variation of share capital by way of capitalisation, rights issue, consolidation, sub-division or reduction of share capital or other variation, affecting the value of Awards, the number or nominal value of Ordinary Shares comprised in subsisting Awards and the exercise price may be adjusted by the Company in such manner that the Remuneration Committee deems appropriate.

(l) Pension status

None of the benefits which may be received under the Plans will be taken into account when determining any pension or similar entitlements.

(m) Amendment

The Company may make amendments to the rules of the Plans provided the amendment does not: (a) apply to Awards granted before the amendment was made; or (b) materially adversely affect the interests of Award holders (unless the relevant Award holders consent to such amendment).

(n) Termination

No Awards may be granted under the Plans after the tenth anniversary of their adoption.

13. Material Contracts

Other than as set out below, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

13.1 Placing Agreement

Under the Placing Agreement dated 30 June 2021 between the Company, each Director, Canaccord Genuity and each Selling Shareholder:

- (a) Canaccord Genuity has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares and the Sale Shares at the Placing Price;
- (b) the Company has agreed to pay the costs relating to Admission and the issue of the Placing Shares together with a corporate finance fee to Canaccord Genuity and a placing commission based on the aggregate value at the Placing Price of all Placing Shares subscribed (and an additional commission at the discretion of the Company);
- (c) the Company and the Directors have given certain warranties to Canaccord Genuity as to accuracy of the information in this document and certain other matters concerning the Company and the Group and the Company has given an indemnity to Canaccord Genuity and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the Placing or Admission;
- (d) the Company has agreed, subject to Canaccord Genuity's obligations under the Placing Agreement becoming unconditional, to allot and issue the Placing Shares to the persons procured by Canaccord Genuity to subscribe for them under the Placing;

- (e) the Selling Shareholders have agreed to sell the Sale Shares held by them at the Placing Price to the persons procured by Canaccord Genuity to purchase them under the Placing;
- (f) each Selling Shareholder has agreed to pay Canaccord Genuity a commission based on the aggregate value at the Placing Price of all Sale Shares sold by that Selling Shareholder pursuant to the Placing;
- (g) the Selling Shareholders have given warranties in favour of Canaccord Genuity in relation to matters such as title to the Sale Shares and capacity to enter into and perform the Placing Agreement;
- (h) Canaccord Genuity's obligations are conditional, *inter alia*, on: (i) Admission occurring by 8.00 am on 7 July 2021 or by such later date no later than 31 July 2021 as may be agreed between Canaccord Genuity and the Company; and (ii) the fulfilment, or waiver by Canaccord Genuity, of certain procedural and other customary conditions; and
- (i) Canaccord Genuity has the right to terminate its obligations under the Placing Agreement prior to Admission in the event of any breach by the Company or any Director of any of their respective obligations or warranties which Canaccord Genuity considers to be material and in the event of certain force majeure circumstances. If Canaccord Genuity's obligations under the Placing Agreement are terminated, the Placing will not proceed and no shares will be issued or sold under the Placing.

13.2 **Lock-in Deeds**

Lock-in Deeds have been entered into in respect of 65.7% of the Enlarged Share Capital.

Pursuant to the Lock-in Deeds entered into by the Substantial Locked-in Shareholders, such persons have undertaken to the Company and Canaccord Genuity that, save in specified and customary circumstances summarised below, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) prior to the date which is 12 months from the date of Admission (the "**Restricted Period**"). In addition, the Locked-in Shareholders have agreed, for a further period of 12 months following expiry of the Restricted Period not to dispose of any Ordinary Shares except through Canaccord Genuity with a view to maintaining an orderly market in the Ordinary Shares.

Pursuant to the terms of the Lock-in Deeds entered into by the Minority Locked-in Shareholders, such persons have undertaken to the Company and Canaccord Genuity that, save in specified and customary circumstances summarised below, they will not dispose of Ordinary Shares held by them (or enter into any transaction with the same economic effect) prior to the date which is 6 months following the date of Admission.

There are certain market standard exceptions to these restrictions on disposal set out in the Lock-in Deeds, including among others, disposals to associates, disposals to (in certain circumstances) a person acting in the capacity of a trustee of a trust, disposals in acceptance of a general offer made to all Shareholders, disposals by court order and disposals by the personal representative after the death of a Locked-in Shareholder (if applicable).

13.3 **Orderly Market Agreement**

The Company, Canaccord Genuity and Amati have entered into an orderly market agreement dated 30 June 2021 (the "**Orderly Market Agreement**") pursuant to which Amati has undertaken to the Company and Canaccord Genuity that, save in specified and customary circumstances summarised below, it will not dispose of Ordinary Shares held by it (or enter into a transaction with the same economic effect) prior to the date which is 12 months from the date of Admission, with a view to maintaining an orderly market in the Ordinary Shares. There are certain market standard exceptions to the restriction on disposal set out in the Orderly Market Agreement, including among others, disposals in acceptance of a general offer made to all Shareholders, disposals by court order and to a permitted transferee.

13.4 ***Nominated Adviser and Broker Agreement***

The Company and Canaccord Genuity have entered into a nominated adviser and broker agreement dated 30 June 2021 (the “**Nominated Adviser and Broker Agreement**”), pursuant to which, and conditional upon Admission, the Company has appointed Canaccord Genuity to act as its nominated adviser and broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay Canaccord Genuity a retainer fee for its services as nominated adviser and broker under such agreement, payable quarterly in advance from the date of Admission.

The Nominated Adviser and Broker Agreement contains certain undertakings from the Company and indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. Canaccord Genuity has the right to terminate the Nominated Adviser and Broker Agreement in certain circumstances, including, among other things, any breach by the Company of the terms of the agreement. The Nominated Adviser and Broker Agreement is subject to termination by either the Company or Canaccord Genuity on not less than three months’ prior written notice.

13.5 ***Shareholders’ Agreement***

The Company entered into a shareholders’ agreement with certain shareholders dated 7 July 2020 (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement contains provisions typical of an agreement of its nature including provisions governing the decision-making functions of the Company as between its shareholders. The Shareholders’ Agreement terminates with effect from Admission, such termination being without prejudice to any accrued rights, remedies, obligations or liabilities, including the right to claim damages in respect of any breach of the Shareholders’ Agreement which existed at or before the date of termination.

13.6 ***Registrar Agreement***

On 9 March 2021, the Company entered into a registrar agreement with the Registrar, pursuant to which the Registrar has agreed to act as the registrar of the Company with effect from Admission for an initial period of 12 months and thereafter terminable by either party on 6 months’ written notice.

13.7 ***Subscription Agreement***

13.7.1 On 18 March 2021, the Company entered into a subscription agreement with Amati Global Investors Limited (“**Amati Global**”) (the “**Subscription Agreement**”), which provided the terms upon which Amati Global procured the subscription by Amati for 280,899 ordinary shares of £0.0001 each in the capital of the Company (the “**Subscription Shares**”) and £2,340,000 8% convertible redeemable loan notes 2026 constituted under the Convertible Loan Note Instrument (as defined at paragraph 13.8 below) and issued by the Company (the “**Loan Notes**”). The subscription by Amati pursuant to the Subscription Agreement completed on 22 March 2021.

13.7.2 Pursuant to the Subscription Agreement the Company has provided undertakings that it shall not and shall procure that no member of the Group shall during the term of the agreement:

- (a) do any thing, or omit to do any thing that causes, or is likely to cause, the Loan Notes or the Subscription Shares to cease to be a Qualifying Investment (being shares in, or securities of, a Qualifying Company that meet the requirements of Part 4 of Chapter 6 of the Income Tax Act 2007);
- (b) allow Admission to take place unless simultaneous with such Admission, the Company issues new equity for gross cash proceeds of at least £5,000,000;
- (c) without the approval of Amati Global (on behalf of Amati), such approval not to be unreasonably withheld, conditioned or delayed, incur any borrowings or indebtedness (including any subsidies, grants or similar financial assistance) or issue any loan stock, loan notes or debentures, other than permitted indebtedness (as specified under the Subscription Agreement);

- (d) amend the articles of association of the Company, or adopt new articles of association;
- (e) issue, or grant an option, warrant or right to subscribe for, or convert any security into, any new share other than shares which constitute the same class as, and rank *pari passu* with, the Ordinary Shares;
- (f) issue any share by way of bonus issue, capitalisation of profits or reserves, other than in connection with the proposed re-registration of the Company as a public limited company; and
- (g) effect any buy back of any shares, reduction of any capital or consolidation or subdivision of any shares, other than in connection with the proposed re-registration of the Company as a public limited company.

13.7.3 Additionally, pursuant to the Subscription Agreement, for such time as the Subscription Shares are held by Amati, any Amati Fund (as defined under the Subscription Agreement) or a nominee on behalf of Amati or any Amati Fund (a “**Holder**”), such Holder shall be entitled but not obliged to propose for appointment one director of the Company (an “**Amati Director**”) and to remove from office any such person so appointed and to propose the appointment of another person in their place. Additionally, for so long as there is no Amati Director appointed, the Holder shall be entitled but not obliged to appoint one observer to attend and speak, but not vote, at any meeting of the board of directors of the Company and to remove any person so appointed and to appoint another person in their place.

13.7.4 Upon Admission, the Subscription Agreement shall automatically lapse and cease to have effect and no party shall have any rights or obligations thereunder.

13.8 **Loan Note Instrument**

13.8.1 On 22 March 2021, the Company executed a convertible loan note instrument (the “**Loan Note Instrument**”), pursuant to which the Loan Notes were constituted by the Company.

13.8.2 The key terms of the Loan Notes, constituted under the Loan Note Instrument are as follows:

- (a) the Loan Notes are convertible into fully paid Ordinary Shares in the capital of the Company as follows:
 - (i) all outstanding Loan Notes shall convert into Ordinary Shares upon Admission, at a price per Ordinary Share which is the lower of (a) the Conversion Price (as defined at (ii) below); and (b) the price per Ordinary Share at which Ordinary Shares are issued by the Company for cash, or sold by existing shareholders, simultaneous with Admission, at a discount of 35%;
 - (ii) otherwise than in connection with Admission, any or all of the Loan Notes which remain outstanding may be converted into Ordinary Shares at the Conversion Price at any time. The “Conversion Price” being the price per Ordinary Share that results in Amati holding 4.5% of the fully diluted share capital of the Company post conversion; and
- (b) until the Loan Notes are converted, repaid, redeemed or purchased in accordance with the conditions of the Loan Note Instrument, interest shall accrue and be paid on the principal amount of the Loan Notes which are outstanding at an interest rate of 0% for the period of one year following the date of issue of the Loan Notes, and thereafter 8% per annum.

13.8.3 Pursuant to the Loan Note Instrument, if a “Default Event” occurs (including, amongst other things, failure by the Company to pay any amount payable under or in respect of any Loan Note within 10 business days after the due date for payment, or if a specified insolvency event occurs), whilst the same is continuing, Amati may direct that the principal amount of all Loan Notes and all unpaid interest shall be due and payable immediately.

13.8.4 At the date of this document, no Loan Notes have been converted. Assuming that no conversion of Loan Notes occurs between the date of this document and Admission, upon

Admission the Loan Notes shall automatically convert into 3,000,000 Ordinary Shares, to be issued to Amati.

13.9 **Settlement Agreement**

13.9.1 On 15 March 2021, the Company entered into a settlement agreement with Cedric Lynch (“**Lynch**”) and Arvind Rabadia (“**Rabadia**”) (two current shareholders and former employees of the Company) (the “**Settlement Agreement**”), pursuant to which Lynch, Arvind and the Company agreed to settle various disputes relating to the ownership and infringement of certain IP rights relating to a motor design and the broader dispute as to whether a merger between Saietta Engineering Private Limited (“**SEP**”) and the Company, pursuant to a merger agreement entered into between the Company, Lynch and Rabadia (the “**Merger Agreement**”), had completed.

13.9.2 Pursuant the terms of the Settlement Agreement, the parties agreed, amongst other things, that:

- (a) all claims alleged by each of Lynch and Rabadia against the Company, and all claims made by the Company against Lynch and Rabadia would be released in full;
- (b) the Merger Agreement was not completed and given the lapse of time will never be completed and that no rights of any nature were or are bestowed on the Company, Lynch, Rabadia or SEP by virtue of the Merger Agreement or any related matter or event whatsoever;
- (c) in relation to Lynch, the Company would:
 - (i) issue 50,000 Ordinary Shares in the Company;
 - (ii) make 30 monthly payments of £3,333.33 each, from 30 September 2021;
 - (iii) pay a lump sum ex-gratia payment of £25,000;
 - (iv) make 6 monthly payments of Lynch’s then current salary in lieu of notice period due;
- (d) in relation to Rabadia, the Company would:
 - (i) issue 100,000 Ordinary Shares in the Company;
 - (ii) make 30 monthly payments of £5,000 each, from 30 September 2021;
 - (iii) pay a lump sum ex-gratia payment of £25,000; and
 - (iv) make 6 monthly payments of Rabadia’s then current salary in lieu of notice period due; and
- (e) each of Lynch and Rabadia would each enter into an employment settlement agreement with the Company. Such agreements were entered into on 15 March 2021.

13.10 **Commercial Collaboration Agreement**

13.10.1 On 3 May 2021, the Company entered into a commercial collaboration agreement with Padmini (the “**Commercial Collaboration Agreement**”), pursuant to which the Company has appointed Padmini as its exclusive marketing representative, to market certain products, engineering design services and other non-volume manufacturing services (including prototype design and other consulting services) of the Company in India for the period of twenty four months from the date of the agreement (the “**Exclusivity Period**”) and to provide to the Company executive level introductions and engagement to and with potential customers located in India (each a “**Customer**”).

13.10.2 The key terms of the Commercial Collaboration Agreement are as follows:

- (a) during the Exclusivity Period:
 - (i) the Company shall not appoint any other person as marketing representative for specified products and services of the Company in India;
 - (ii) the Company shall not directly market the specified products and services of the Company in India;

- (iii) neither Padmini nor its affiliates shall be engaged in or carry on or be concerned or interested, either directly or indirectly, in the manufacture or distribution or offering inside or outside of India of any goods or services which are identical to or compete with or are similar to the specified products and/or the services of the Company;
- (b) on expiry of the Exclusivity Period, unless otherwise agreed between the parties in writing, the Commercial Collaboration Agreement shall default to a non-exclusive basis and the restrictions set out above will no longer apply;
- (c) Padmini will be entitled to certain commissions under the Commercial Collaboration Agreement, including:
 - (i) in respect of Customer contracts concluded during the term of the agreement following an introduction from Padmini, the Company will pay to Padmini:
 - (A) a commission equal to 15% of the net price in respect of specified services provided by the Company;
 - (B) a commission equal to 10% of the net price in respect of the supply of specified products to a Customer by the Company,
 which shall survive termination of the Commercial Collaboration Agreement for a period of ten years from the date of termination, other than in case of termination by Saietta for breach of the agreement by Padmini; and
 - (ii) Padmini shall also be entitled to the commission at (i) above in respect of any Customer contract concluded by Saietta within twenty four months of termination of the agreement in respect of any Customer introduced to Saietta during the term of the agreement, save where Saietta can demonstrate that it had discussions with the Customer prior to 1 April 2021 (in which case, no commission shall be payable);
- (d) in the event that a potential Customer wishes to enter into a contract directly with Padmini regarding the provision of the specified services, Padmini must obtain Saietta's prior written consent to such activity, which shall contain specified pre-conditions such as a commission equal to 15% of the price charged by Padmini and received from the Customer for the services provided, less (i) any VAT or other duty thereon; (ii) any export costs, any packaging, freight, transport, haulage or insurance charges included in the price; and (iii) any discounts and rebates allowed or returns in respect of which credit is given;
- (e) on the first day of each calendar month during the Exclusivity Period Padmini shall pay to Saietta an exclusivity fee of £5,000 (which shall be pro-rated for any month that is not a full calendar month) subject to receipt of a valid VAT invoice (if applicable);
- (f) with respect to termination:
 - (i) either party may terminate with immediate effect by giving written notice to the other party under particular circumstances, such as material breach of the agreement by the other party;
 - (ii) the Company may terminate with immediate effect by giving written notice to Padmini on the occurrence of specified events, such as a change of control of Padmini; and
 - (iii) the Company may terminate on ninety days prior notice at any time for convenience.

13.10.3 The Commercial Collaboration Agreement contains indemnities provided by each of the Company and Padmini which are typical of an agreement of its nature.

13.10.4 It is the intention of the parties that the relationship set out in the Commercial Collaboration Agreement shall be superseded by a joint venture. However, the Commercial Collaboration Agreement contains no provisions obligating either party to enter into such joint venture.

13.11 Distributor Agreement with Airtek

13.11.1 On 17 February 2021, the Company entered into a distributor agreement with Airtek Systems Inc. (“**Airtek**”) (the “**Airtek Distribution Agreement**”), pursuant to which the Company has appointed Airtek as its sole distributor to resell the AFT 140 in certain states in North West Canada and North West USA (the “**Territory**”) in relation to the following sectors: pumps-compressors; generators; industrial and compressed air/hydraulic pumps. Airtek is not precluded from selling the AFT 140 in other states in Canada or the USA outside the Territory but it does not have exclusivity in those states.

13.11.2 The key terms of the Airtek Distribution Agreement are as follows:

- (a) the agreement and the obligations of the parties thereunder shall continue until the expiry of a notice to terminate the agreement (as described at (c) and (e) below);
- (b) with regards to distribution of the AFT 140 and prospective customers in the Territory:
 - (i) the Company must not appoint another person as its distributor, dealer, agent or franchisee to sell the AFT 140 in the Territory;
 - (ii) any prospective customer in the Territory shall be referred to Airtek;
 - (iii) in exceptional circumstances, with the full knowledge of Airtek, the Company reserves the right to supply the AFT 140 directly to a prospective customer;
- (c) Airtek must use best endeavours to meet specified targets set in the agreement (relating to the minimum number of purchases of the AFT 140 to be made by Airtek from the Company). In the event that Airtek fails to meet such targets, the Company may (on one month’s written notice):
 - (i) appoint, in addition to Airtek, another distributor, dealer, agent, or franchisee to promote and sell the AFT 140 in the Territory; or/and
 - (ii) terminate the agreement;
- (d) with respect to orders and payment (amongst other things):
 - (i) Airtek must provide at least three months’ written notice of its estimated monthly orders. Subject to acceptance, the Company must inform Airtek of the estimated delivery date. Whilst the Company must use reasonable efforts to meet the estimated delivery date, time of delivery is not of the essence;
 - (ii) the parties will agree any stock levels of the AFT 140 to be maintained by Airtek for the following quarter to ensure Airtek can meet orders and contracts from customers promptly, but failing agreement, Airtek will maintain the stock levels as specified by the Company;
 - (iii) the Company’s standard terms and conditions of sale shall apply to all of Airtek’s orders for and the Company’s sales of the AFT 140;
 - (iv) the price payable by Airtek to the Company for the AFT 140 is as specified under the agreement. Such price may be varied by the Company from time to time upon five days’ written notice;
 - (v) unless the Company agrees otherwise, full payment for each order must be made by Airtek prior to the dispatch by the Company of the AFT 140;
- (e) with regards to termination, in addition to the power of the Company at (c) above:
 - (i) either party may terminate by written notice to the other party in the first six months of the agreement, by providing one month’s written notice or after the first six months of the agreement, by providing three months’ written notice;

- (ii) either party may terminate with immediate effect by giving written notice to the other party under particular circumstances, such as material breach of the agreement by the other party which is not capable of remedy; and
- (iii) Airtek can terminate if the Company ceases to produce or supply the AFT 140.

13.11.3 The Airtek Distribution Agreement contains obligations on each of the Company and Airtek which are typical of an agreement of its nature.

13.12 **Linking Deed with Lawrence Marazzi**

13.12.1 Under a linking deed dated 7 July 2020 between the Company and Lawrence Marazzi (the “**Linking Deed**”) Mr. Marazzi has agreed:

- (a) to utilise 2,378,094 of the Ordinary Shares held by him (the “**Linking Deed Shares**”) to satisfy Options granted pursuant to EMI Plan; and
- (b) amongst other things, not to exercise any voting rights attached to the Linking Deed Shares.

13.12.2 It is the Company’s intention that the Linking Deed Shares will be transferred to satisfy the exercise of Options in connection with Admission. Mr. Marazzi’s shareholding in the Company on Admission is accordingly expected to be 7,554,543 Ordinary Shares.

14. **Related Party Transactions**

The following transactions are the only related party transactions which, as a single transaction or in their entirety, are or may be material (within the meaning of the AIM Rules for Companies) to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document:

- 14.1 the transactions referred to in note 24 to the financial statements in Part III of this document;
- 14.2 the Shareholders’ Agreement; and
- 14.3 the Company has a loan outstanding with Lawrence Marazzi, a Shareholder, which was formalised under a summary of terms document dated 20 November 2018. As at the date of this document, there is £153,194.10 plus interest outstanding pursuant to this loan and the Company will repay this sum in full shortly following Admission.

15. **Litigation**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company’s financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries.

16. **Working Capital**

The Directors are of the opinion that, having made due and careful enquiry, that, taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Group will be sufficient for its present requirements, that is for at least twelve months following the date of Admission.

17. **Significant Change**

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 31 March 2021, being the date to which the audited financial information in Part III of this document has been prepared.

18. **General**

- 18.1 The gross proceeds of the Placing are expected to be £35.2 million, with the total net proceeds of the Placing receivable by the Company after settling fees expected to be

approximately £31.9 million. The total costs and expenses relating to Admission and the Placing (including those fees and commissions referred to in paragraph 13.1 above) payable by the Company are estimated to be £3.3 million (excluding VAT).

- 18.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.
- 18.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 July 2021, application moneys will be returned to the Placees at their risk without interest.
- 18.4 Canaccord Genuity, the nominated adviser and broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Canaccord Genuity has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 18.5 BDO LLP, the reporting accountant and auditor to the Company, is a member firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. BDO LLP has given and not withdrawn its written consent to the inclusion in this document of its report in relation to the Historical Financial Information included in Section A of Part III of this document.
- 18.6 The Patent Report is included, in the form and context in which it is included, with the consent of Reddie & Grose which has authorised the contents of its report for the purposes of the AIM Rules for Companies. Reddie & Grose has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 18.7 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18.8 It is expected that definitive share certificates will be despatched by hand or first class post within 10 business days of Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as reasonably practical on 6 July 2021 in respect of the EIS/VCT Placing Shares and on 7 July 2021 in respect of the Non-Eligible Placing Shares.
- 18.9 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.
- 18.10 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 18.11 The ISIN for the Ordinary Shares is GB00BNDM6X87.
- 18.12 Pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per

cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

- 18.13 The accounting reference date of the Company is 31 March.
- 18.14 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Company's utilisation of its fixed tangible assets.
- 18.15 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 18.16 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been:
- (a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or
 - (b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.
- 18.17 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.

19. UK Taxation

The following information is based on UK tax law and HM Revenue and Customs practice currently in force in the UK (2020/21 UK tax year). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person (individual or corporate) who is in any doubt about his or her position should contact their professional advisor immediately.

19.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are tax resident in the UK under domestic law and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5 per cent., of any of the classes of shares in the Company; or
- (b) who will be required to treat the Ordinary Shares as "employment related securities" for UK tax purposes; or
- (c) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (d) who are in any doubt as to their UK taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be

liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares (in the case of a temporary non-resident where the Ordinary Shares were acquired in the temporary period of non-residence). Such Shareholders should consult their own tax advisers concerning their tax liabilities.

19.2 **UK Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

UK dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. UK dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

19.3 **Disposals of Ordinary Shares**

Any capital gain arising on the sale, redemption, transfer, gift, or other disposal of these Ordinary Shares will be taxed at the time of such disposal under UK capital gains tax/corporation tax provisions.

The rate of capital gains tax on the disposal of Ordinary Shares by individuals will depend on their marginal rate of UK tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains accruing to higher or additional rate tax payers being subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

For Shareholders within the charge to UK corporation tax who acquired Ordinary Shares before 1 January 2018, indexation allowance up until 31 December 2017 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a company's taxable profits (including gains) is currently 19 per cent.

19.4 **Further information for Shareholders subject to UK income tax and capital gains tax** *Transactions in securities*

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities". Should these specific provisions apply the result could be to re-characterise capital gains as income.

19.5 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any other market which is not a “recognised growth market” (with the terms “listed” and “recognised growth market” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” (as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

20. Selling Shareholders

The names of each of the Selling Shareholders (all of whose business address is at the Company’s registered and head office) are set out below:

Name	Number of Ordinary Shares immediately prior to Admission	Number of Sale Shares	Number of Ordinary Shares immediately following Admission
Anna McLaughlin	7,151	4,096	3,055
Ben Hall	53,580	21,291	32,289
Ben Morgan	9,507	3,777	5,730
Ben Toms	37,500	2,655	34,845
Benjamin Hartley	20,000	11,454	8,546
Bharti Srivastava	27,708	1,962	25,746
Camilla Taylor	536,468	186,403	350,065
Charlotte Braund	17,813	1,261	16,552
Chris Lines	337,083	23,861	313,222
Clive Carter	20,856	11,945	8,911
Daniel Martin	3,438	243	3,195
Dominic Greenwood	18,750	1,328	17,422
Douglas Lubbock	18,125	1,284	16,841
Emmanuel Clair	12,738,555	134,846	12,603,709
Evangelos Syrigos	16,151	6,418	9,733
Frantisek Simku	20,000	11,454	8,546
Gaelle Distel	39,164	22,446	16,718
Graham Lenden	638,206	88,087	550,119

Name	Number of Ordinary Shares immediately prior to Admission	Number of Sale Shares	Number of Ordinary Shares immediately following Admission
Jo-Anne Davies	8,671	3,445	5,226
John Michael Winn	6,766,526	439,592	6,326,934
Jonathan Etherington	38,750	2,743	36,007
Jonathan Henshall	186,700	74,187	112,513
Kathryn Bailey	26,875	1,902	24,973
Luke Carvin	20,137	8,002	12,135
Mark Dunkley	18,438	1,305	17,133
Mark Fraser	207,604	14,696	192,908
Mark Taylor	372,654	77,561	295,093
Michael White	18,767	10,748	8,019
Michal Grieger	21,875	7,938	13,937
Nigel Leaper	12,637	5,021	7,616
Paul Preece	1,351,351	307,834	1,043,517
Peter Slotwinski	6,918	2,750	4,168
Phoenix Humphrys	12,188	863	11,325
Pradumna Walimbe	24,375	1,726	22,649
Ravi Bhavsar	9,000	3,576	5,424
Robert Green	26,458	1,873	24,585
Scott Roberts	2,909,643	227,920	2,681,723
Steve Cox	8,137	4,661	3,476
Stuart Jones	26,875	10,423	16,452
Travis Adams	18,438	1,305	17,133
Wicher Kist	1,437,601	142,427	1,295,174
Zydrune Seskivicuite	120,800	48,001	72,799

21. Availability of this document

Copies of this document are available for download at the Company's website at <https://saiettagroup.com/>

30 June 2021

PART VII

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“EEA”), “QUALIFIED INVESTORS” AS DEFINED IN ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (THE “EU PROSPECTUS REGULATION”); IF IN THE UNITED KINGDOM, “QUALIFIED INVESTORS” AS DEFINED IN ARTICLE 2(E) OF THE EU PROSPECTUS REGULATION, WHICH FORMS PART OF RETAINED EU LAW IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED BY THE EUROPEAN UNION (WITHDRAWAL) ACT 2020 (THE “UK PROSPECTUS REGULATION”) AND WHO (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “ORDER”) (INVESTMENT PROFESSIONALS); OR (B) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER AND ARE “QUALIFIED INVESTORS” AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”), (“UK QUALIFIED INVESTORS”); AND (C) OTHERWISE, TO PERSONS TO WHOM IT MAY OTHERWISE BE LAWFUL TO COMMUNICATE IT (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”).

THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT AND THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. PERSONS INTO WHOSE POSSESSION THESE TERMS AND CONDITIONS COMES ARE REQUIRED BY THE COMPANY AND CANACCORD GENUITY TO INFORM THEMSELVES OF AND TO OBSERVE ANY SUCH RESTRICTIONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

1. INTRODUCTION

These terms and conditions (“**Terms and Conditions**”) apply to persons making an offer to acquire Placing Shares under the Placing and pursuant to the terms of the Placing Agreement. References in this Part VII to “Placing Shares” shall be deemed to include Sale Shares).

Each person to whom these Terms and Conditions apply, as described above, who confirms its agreement to Canaccord Genuity and the Company to acquire Placing Shares (which may include Canaccord Genuity or its nominee(s)) (each a “**Placee**”) hereby agrees with Canaccord Genuity and the Company to be bound by these Terms and Conditions as being the terms and conditions upon which the Placing Shares will be issued and sold under the Placing. A Placee shall, without limitation, become so bound if Canaccord Genuity confirms to the Placee (i) the Placing Price and (ii) its allocation of Placing Shares.

The Company and/or Canaccord Genuity may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) considers necessary and/or may require any such Placee to execute a separate investor letter (an “**Investor Letter**”).

2. AGREEMENT TO ACQUIRE PLACING SHARES

Other than in respect of the EIS/VCT Placing Shares, conditional upon:

- 2.1 Admission occurring and becoming effective by no later than 8.00 a.m. on 7 July 2021 (or such other date and/or time as Canaccord Genuity may notify to the Company but, in any event, no later than 8.00 a.m. on 31 July 2021);

2.2 the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and

2.3 Canaccord Genuity confirming to the Placees their allocation of Placing Shares,

each Placee agrees to become a member of the Company and agrees to acquire at the Placing Price those Placing Shares allocated to it by Canaccord Genuity. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. PAYMENT FOR PLACING SHARES

Each Placee undertakes to pay the Placing Price for the Placing Shares acquired by such Placee in the manner and by the time directed by Canaccord Genuity.

Each Placee is deemed to agree that, if it fails to pay the Placing Price for the Placing Shares acquired by such Placee, Canaccord Genuity may sell any or all of the Placing Shares allocated to that Placee and which have not been paid for on such Placee's behalf and retain from the proceeds, for Canaccord Genuity's account and benefit (as agent for the Company and the Selling Shareholders (as the case may be)), an amount equal to the aggregate amount owed by the Placee plus any interest due. Any excess proceeds will be paid to the relevant Placee at its risk. The relevant Placee will, however, remain liable and shall indemnify Canaccord Genuity, the Company and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it. By agreeing to acquire Placing Shares, each Placee confers on Canaccord Genuity all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Canaccord Genuity lawfully takes in pursuance of such sale.

4. EIS/VCT PLACING

4.1 EIS/VCT Placing Shares

The issue of the EIS/VCT Placing Shares is not conditional upon the issue of the Non-Eligible Placing Shares and Admission. However, it is conditional, *inter alia*, on (i) the performance by the Company of its obligations under the Placing Agreement in so far as the same fall to be performed prior to completion of the EIS/VCT Placing; (ii) the Placing Agreement having been entered into and it having not been terminated prior to the issue of the EIS/VCT Placing Shares; and (iii) the satisfaction or, where appropriate, the waiver of all other conditions set out in the Placing Agreement relating to the issue of the EIS/VCT Placing Shares.

4.2 EIS and VCT Schemes

The Group has received advance assurance from HMRC to the effect that, subject to receipt of a satisfactory compliance statement from the Company, the EIS/VCT Placing Shares are capable of satisfying the requirements for EIS Relief. The Company expects the EIS/VCT Placing Shares to be capable of constituting a qualifying holding for VCT purposes.

The status of the EIS/VCT Placing Shares as a qualifying holding for VCT purposes will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership. The status of the EIS/VCT Placing Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for VCT and/or EIS purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Group are not served by seeking to retain such status). Further, the conditions for a qualifying holding for the purposes of the VCT Legislation and EIS Relief are complex and relevant investors are recommended to seek their own professional advice before investing. This paragraph is without prejudice to any separate comfort letter which may have been given by the Company to certain VCT investors in connection with the EIS/VCT Placing.

5. REPRESENTATIONS AND WARRANTIES

By agreeing to acquire Placing Shares under the Placing, each Placee which enters into a commitment to acquire Placing Shares will (for itself and any person(s) procured by it to acquire

Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Selling Shareholders, the Registrars and Canaccord Genuity that:

- 5.1 it has read this Document in its entirety and it is relying solely on this Document (and any supplementary admission document published by the Company subsequent to the date of this Document) and not on any other information given, or representation or statement made at any time, by any person concerning the Group or the Placing. It acknowledges that its participation in the Placing shall be made solely on the terms and conditions set out in these Terms and Conditions, the Placing Agreement and the Articles. It agrees that these Terms and Conditions and the contract note issued by Canaccord Genuity to such Placee represent the whole and only agreement between the Placee, Canaccord Genuity, the Selling Shareholders and the Company in relation to the Placee's participation in the Placing and supersedes any previous agreement between any such parties in relation to such participation. It agrees that none of the Company, the Selling Shareholders, Canaccord Genuity or the Registrars, nor any of their respective directors, officers, partners, agents, consultants, advisers, affiliates, representatives or employees (each an "affiliate"), will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 5.1 shall not exclude any liability for fraudulent misrepresentation;
- 5.2 it has the funds available to pay the Placing Price in respect of the Placing Shares for which it has given a commitment under the Placing;
- 5.3 the contents of this Document (and any supplementary admission document published by the Company subsequent to the date of this Document) are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Canaccord Genuity nor any person acting on its behalf nor any of their respective affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this Document (or any supplementary admission document published by the Company subsequent to the date of this Document) or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Placing Shares or the Placing and nothing in this Document (and any supplementary admission document published by the Company subsequent to the date of this Document) will be relied upon as a promise or representation in this respect, whether or not to the past or future. Canaccord Genuity accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Document (or any supplementary admission document published by the Company subsequent to the date of this Document) or any such statement;
- 5.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Placing Shares under the Placing, it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, Canaccord Genuity, the Registrars or any of their respective affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 5.5 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 5.6 it agrees that, having had the opportunity to read this Document, it shall be deemed to have had notice of all information and representations contained in this Document, that it is acquiring Placing Shares solely on the basis of this Document (and any supplementary admission document published by the Company subsequent to the date of this Document)

and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;

- 5.7 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Document (and any supplementary admission Document published by the Company subsequent to the date of this Document) and, if given or made, any information or representation must not be relied upon as having been authorised by Canaccord Genuity, or the Company or the Selling Shareholders;
- 5.8 it accepts that none of the Placing Shares have been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 5.9 if it is receiving the details of the Placing in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 5.10 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 5.11 if it is outside the United Kingdom, neither this Document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and acquired by and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 5.12 it acknowledges that neither Canaccord Genuity nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Canaccord Genuity or any of its affiliates, that Canaccord Genuity is acting for the Company and no-one else and that none of Canaccord Genuity nor any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in these Terms and Conditions or in any Investor Letter, where relevant;
- 5.13 it acknowledges that it is not located within the United States, it is acquiring Placing Shares in an "offshore transaction" as defined in Regulation S promulgated under the US Securities Act ("Regulation S") and where it is acquiring Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Placing Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Document or in any Investor Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Canaccord Genuity. It agrees that the provisions of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 5.14 it is acting as principal only in respect of the Placing, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or Canaccord Genuity and/or the Selling Shareholders for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person) (ii) it is both an "authorised person" for the purposes of the FSMA and a Qualified Investor acting as agent for such person and (iii) such person is either (1) a Qualified Investor or (2) its "client" (as defined in section

- 86(2) of the FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- 5.15 it confirms that any of its clients, whether or not identified to Canaccord Genuity or any of its affiliates, will remain its sole responsibility and will not become clients of Canaccord Genuity or any of its affiliates for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
 - 5.16 where it or any person acting on its behalf is dealing with Canaccord Genuity, any money held in an account with Canaccord Genuity on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Canaccord Genuity to segregate such money as that money will be held by Canaccord Genuity under a banking relationship and not as trustee;
 - 5.17 it has not and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA;
 - 5.18 it is an “eligible counterparty” or a “professional investor” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing the Placing Shares for investment only and not for resale or distribution;
 - 5.19 it irrevocably appoints any Director and any director of Canaccord Genuity to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
 - 5.20 it accepts that if the Placing does not proceed or the conditions to Canaccord Genuity’s obligations in respect of such Placing under the Placing Agreement are not satisfied or the Placing Agreement is terminated prior to Admission for any reason whatsoever or such Placing Shares are not admitted to trading on AIM for any reason whatsoever, then neither Canaccord Genuity nor the Company nor the Selling Shareholders nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
 - 5.21 it has not taken any action or omitted to take any action which will or may result in Canaccord Genuity, the Company, the Selling Shareholders or any of their respective affiliates being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its acquisition of Placing Shares pursuant to the Placing;
 - 5.22 in connection with its participation in the Placing, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 5.23 due to anti-money laundering and the countering of terrorist financing requirements, Canaccord Genuity, and/or the Company and/or the Selling Shareholders may require proof of identity of the Placee and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes Canaccord Genuity, and/or the Company and/or the Selling Shareholders may refuse to accept the placing commitment and the subscription and/or purchase moneys relating thereto. It holds harmless and will indemnify Canaccord Genuity, and/or the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- 5.24 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the MAR and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 5.25 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares pursuant to the Placing or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as a Placee of the Placing Shares and will honour those obligations;
- 5.26 as far as it is aware it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies;
- 5.27 Canaccord Genuity is entitled to exercise any of its rights under the Placing Agreement or any other right in its absolute discretion, including the right to terminate the Placing Agreement, without any liability whatsoever to it (or any agent acting on their behalf) and Canaccord Genuity shall not have any obligation to consult or notify Placees in relation to any right or discretion given to it or which it is entitled to exercise;
- 5.28 Canaccord Genuity expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing. If such right is exercised, the Placing (and the arrangements associated with it) will lapse and any monies received in respect of the Placing will be returned to Placees without interest (other than in circumstances where the EIS/VCT Placing Shares have already been issued);
- 5.29 the representations, undertakings and warranties given by a Placee as contained in these Terms and Conditions are irrevocable. It acknowledges that Canaccord Genuity, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Placing Shares are no longer accurate, it shall promptly notify Canaccord Genuity and the Company;
- 5.30 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 5.31 nothing has been done or will be done by it in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with FSMA or the UK Prospectus Regulation or in accordance with any other laws applicable in the United Kingdom and/or any part of the European Union or the European Economic Area;
- 5.32 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules as they apply to the Company pursuant to the Articles;
- 5.33 it accepts that the allocation of Placing Shares shall be determined by Canaccord Genuity following consultation with the Company and that Canaccord Genuity may scale down any placing commitments on such basis as it may determine; and
- 5.34 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

6. INDEMNITY

Each Placee irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, the Selling Shareholders and Canaccord Genuity and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it or any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions.

7. SUPPLY AND DISCLOSURE OF INFORMATION

If Canaccord Genuity, the Selling Shareholders, the Registrars or the Company or any of their agents request any information in connection with a Placee's agreement to acquire Placing Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

8. MISCELLANEOUS

- 8.1 The rights and remedies of the Company, the Selling Shareholders, Canaccord Genuity and the Registrars under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 On the acceptance of its placing commitment, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned and if a Placee is an individual, that may be asked to disclose their nationality. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 8.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to acquire pursuant to the Placing, have been acquired by the Placee. The contract to acquire Placing Shares under the Placing and the appointments and authorities mentioned in this Document will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Canaccord Genuity and the Registrars, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 8.4 In the case of a joint agreement to acquire Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 8.5 Canaccord Genuity, the Selling Shareholders and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Canaccord Genuity to notify to the Company and/or the Selling Shareholders the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 31 July 2021).
- 8.6 The Placing is subject to the satisfaction of the relevant conditions contained in the Placing Agreement and the Placing Agreement not having been terminated in accordance with its terms. For further details of the terms of the Placing Agreement please refer to paragraph 13.1 of Part VI of this document.
- 8.7 Canaccord Genuity may, and its affiliates acting as an investor for its or their own account(s) may, acquire Placing Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in these Terms and Conditions to the Placing Shares being offered, subscribed, sold, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Canaccord Genuity and/or any of their respective

affiliates acting as a Placee for its or their own account(s). Neither Canaccord Genuity nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

- 8.8 Each Placee which acquires Placing Shares will be deemed to undertake that it agrees that it is liable, and will indemnify each of the Company, Canaccord Genuity and their respective affiliates, for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom or Jersey by such Placee or any other person on the acquisition by such Placee of any Placing Shares or the agreement by such Placee to acquire any Placing Shares.

9. SALES OUTSIDE THE UNITED STATES

Each acquirer of the Placing Shares offered in reliance on Regulation S will be deemed to represent, warrant and agree as follows:

- 9.1 it and any person, if any, for whose account it is acquiring the Placing Shares, is acquiring the Placing Shares outside the United States in an offshore transaction meeting the requirements of Regulation S and the transaction was not pre-arranged with a buyer in the United States;
- 9.2 it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Placing Shares;
- 9.3 it is aware that the Placing Shares have not been and will not be registered under the US Securities Act and are being offered and sold only in "offshore transactions" outside the United States in reliance on Regulation S;
- 9.4 it is not acquiring the Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Placing Shares into the United States or any jurisdiction referred to above;
- 9.5 if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- 9.6 it has received, carefully read and understands this Document and has not distributed, forwarded, transferred or otherwise transmitted this Document or any other presentation or offering materials concerning the Placing Shares to any persons within the United States, nor will it do any of the foregoing; and
- 9.7 that the Company, Canaccord Genuity and the Selling Shareholders, their affiliates and others, will rely upon jurisdictions which may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

10. SELLING RESTRICTIONS

- 10.1 The distribution of this Document and the offer of Placing Shares pursuant to the Placing in certain jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 10.2 The Placing Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Document comes should inform themselves about and observe any restrictions on the distribution of this Document and the offer of the Placing Shares pursuant to the Placing contained in this Document. Any failure to comply with these restrictions may constitute a violation of the

securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for or acquire any of the Placing Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

10.3 Relevant States

In relation to each Relevant State, no Placing Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant State, except that an offer to the public in that Relevant State of any Placing Shares may be made at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a Qualified Investor;
- (b) to fewer than 150, natural or legal persons (other than Qualified Investors) per Relevant State, subject to obtaining the prior consent of Canaccord Genuity for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Placing Shares shall result in a requirement for the Company or Canaccord Genuity to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any Placing Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Placing and any Placing Shares so as to enable a Placee to decide to acquire any Placing Shares.

Each Placee irrevocably represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. in the case of any Placing Shares acquired by it within the United Kingdom as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom or to which the UK Prospectus Regulation otherwise applies other than UK Qualified Investors or in circumstances in which the prior consent of Canaccord Genuity has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in the United Kingdom other than UK Qualified Investors, the offer of those Placing Shares to it is not treated under the UK Prospectus Regulation as having been made to such persons; and
2. in the case of any Placing Shares acquired by it within the EEA as a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any member state of the EEA or to which the EU Prospectus Regulation otherwise applies other than EU Qualified Investors or in circumstances in which the prior consent of Canaccord Genuity has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than EU Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

The Company, the Selling Shareholders, Canaccord Genuity and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified Canaccord Genuity of such fact in writing may, with the consent of Canaccord Genuity, be permitted to acquire Ordinary Shares in the Placing.

10.4 United States of America

The Ordinary Shares have not been and will not be registered under the US Securities Act or under the applicable securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities

laws of any state or other jurisdiction of the United States. There will be no offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold only outside the United States in “offshore transactions” in reliance on Regulation S of the US Securities Act.

In addition, until 40 days after the commencement of the Placing, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

10.5 Australia

This Document has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This Document (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of any Ordinary Shares in Australia (including an offer or invitation received by a person in Australia) and no shares may be sold in Australia, unless the offer or invitation does not need disclosure to investors under Part 6D.2 of the Corporations Act 2001.

Each acquirer of Ordinary Shares will be deemed to have acknowledged the above and, by applying for Ordinary Shares under this Document, gives an undertaking to the Company not to offer, sell, transfer, assign or otherwise alienate those securities to persons in Australia (except in the circumstances referred to above) for 12 months after their issue.

10.6 Canada

The relevant clearances have not been and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

10.7 Republic of South Africa

The relevant clearances have not been and will not be, obtained from the South African Reserve Bank nor any other applicable body in the Republic of South Africa. Accordingly, the Placing Shares will not, directly or indirectly, be offered or sold within the Republic of South Africa.

10.8 Japan

The Placing Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

10.9 Hong Kong

This document has not been approved by The Stock Exchange of Hong Kong Limited or registered by the Registrar of Companies in Hong Kong. No person may offer or sell in Hong Kong, by means of this or any document, any Ordinary Shares other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and any rules made under the SFO, or (ii) in other circumstances which do not result in such document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “CWUMPO”) or which do not constitute an offer to the public or an invitation to the public to subscribe for the Ordinary Shares within the meaning of the CWUMPO. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong, other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO, or as may otherwise be permitted under the laws of Hong Kong.

11. ALLOCATION

- 11.1 Canaccord Genuity has solicited indications of interest from prospective Placees to acquire Ordinary Shares in the Placing. On this basis, prospective Placees have been asked to specify the number of Placing Shares that they are prepared to acquire at different prices. Multiple applications under the Placing are permitted.
- 11.2 A number of factors have been considered in deciding the Placing Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Ordinary Shares and the objective of encouraging long-term ownership of the Ordinary Shares. The Placing Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market-makers and fund managers) connected with Canaccord Genuity. Accordingly, the Placing Price may be lower than the highest price at which all of the Ordinary Shares, in respect of which indications of interest have been received or which are available for subscription or sale in the Placing, could have been accepted.
- 11.3 Placees will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation.
- 11.4 Placees will be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Placing Shares may not begin before notification is made.
- 11.5 All Ordinary Shares to be issued or sold pursuant to the Placing will be issued or sold, payable in full, at the Placing Price.
- 11.6 The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes.
- 11.7 Each Ordinary Share ranks equally in all respects with each other Ordinary Share and has the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles.
- 11.8 Subject to the provisions of the Articles, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Articles allows for the disapplication of pre-emption rights which may be waived by special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 11.9 Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profit of the Company.
- 11.10 The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares.
- 11.11 Further details of the rights attached to the Ordinary Shares are set out in paragraph 5 of Part VI of this document.

12. DEALING ARRANGEMENTS

- 12.1 The Placing is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature, including, in the case of the General Placing, Admission occurring and becoming effective by 8.00 a.m. on 7 July 2021 or such later date as may be determined in accordance with such agreement, and the Placing Agreement not having been terminated in accordance with its terms. Certain conditions are related to events which are outside the control of the Company, the Directors, and Canaccord Genuity. Further details of the Placing Agreement are described in paragraph 13.1 of Part VI of this document.
- 12.2 Application will be made to the London Stock Exchange for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. Admission of the Ordinary Shares is not being sought on any market other than AIM.
- 12.3 It is expected that Admission will take place and dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 7 July 2021.

- 12.4 Each Placee will be required to undertake to pay the Placing Price for the Ordinary Shares acquired by such Placee in such manner as shall be directed by Canaccord Genuity.
- 12.5 The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrars (which will form part of the register of members of the Company).
- 12.6 It is intended that allocations of Placing Shares to Placees who wish to hold Placing Shares in uncertificated form will take place through CREST. It is intended that, where applicable, definitive share certificates in respect of the Placing Shares will be posted by first class post as soon as is practicable following Admission. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Placing Shares which are not settled in CREST, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

13. CREST

- 13.1 The Articles permit the holding of Ordinary Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from completion of the EIS/VCT Placing. Accordingly, settlement of transactions in the Ordinary Shares following that time may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.
- 13.2 Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation stating the number of Placing Shares allocated to it, the Placing Price, the aggregate amount owed by each Placee to Canaccord Genuity and settlement instructions. Placees should settle against CREST ID: 805. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with Canaccord Genuity.

14. PLACING ARRANGEMENTS

- 14.1 The Company, the Directors, the Selling Shareholders and Canaccord Genuity have entered into the Placing Agreement, pursuant to which Canaccord Genuity has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.
- 14.2 The Placing Agreement contains provisions entitling Canaccord Genuity to terminate the Placing at any time prior to Admission in certain circumstances. If this right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to Placees without interest (other than in circumstances where the EIS/VCT Placing Shares have already been issued). The Placing Agreement provides for Canaccord Genuity to be paid a commission in respect of the Placing Shares acquired by Placees. Any commission received by Canaccord Genuity may be retained and any Placing Shares acquired by them may be retained or dealt in, by it, for its own benefit.
- 14.3 Further details of the terms of the Placing Agreement are set out in paragraph 13.1 of Part VI of this document.

15. MiFID II PRODUCT GOVERNANCE REQUIREMENTS

- 14.1 Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("UKMiFID II"); and (b) the UK's implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UKMiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID

II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (a) compatible with an end target market of (i) retail investors; and (b) eligible for distribution through all distribution channels as are permitted by UKMiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: (a) the price of the Placing Shares may decline and investors could lose all or part of their investment; (b) the Placing Shares offer no guaranteed income and no capital protection; and (c) an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Canaccord Genuity will only procure investors (pursuant to the Placing) who meet the criteria of professional clients and eligible counterparties.

- 15.2 For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UKMiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.
- 15.3 Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels. Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this document should seek appropriate advice before taking any action.

