ANNUAL REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS 2022

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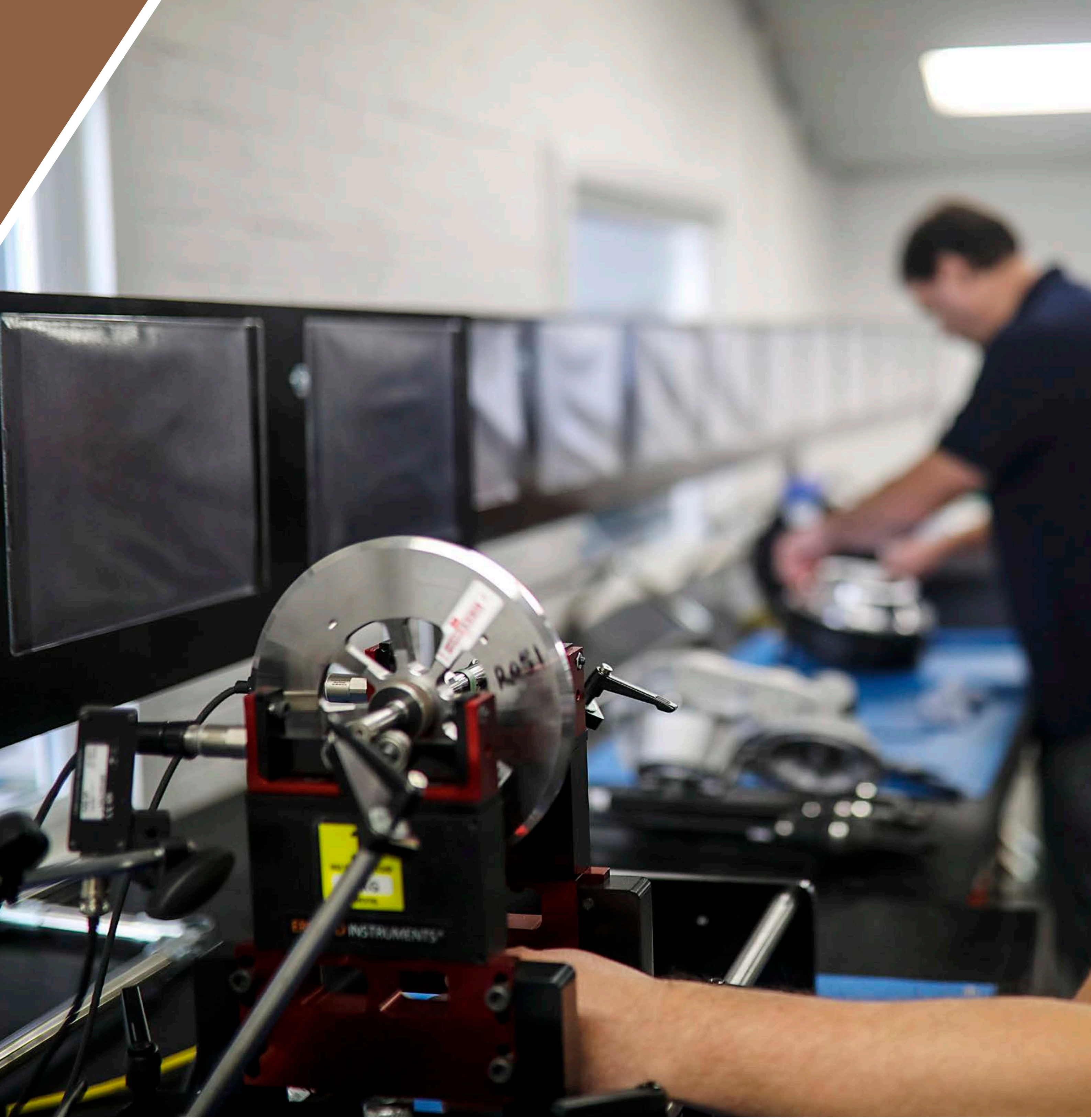

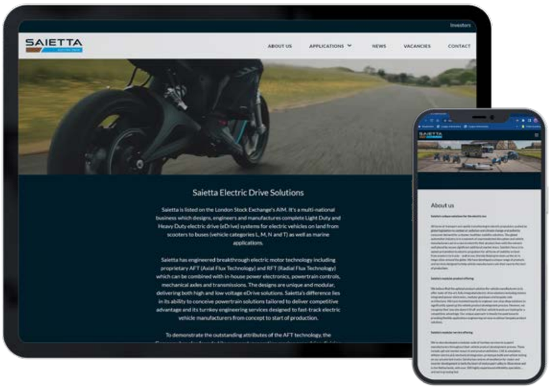

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ABOUT US

Saietta is listed on the London Stock Exchange's AIM. It's a multi-national business which designs, engineers and manufactures complete Light Duty and Heavy Duty electric drive (eDrive) systems for electric vehicles on land from scooters to buses (vehicle categories L, M, N and T) as well as marine applications.

Saietta has engineered breakthrough electric motor technology including proprietary AFT (Axial Flux Technology) and RFT (Radial Flux Technology) which can be combined with in-house power electronics, powertrain controls, mechanical axles and transmissions. The designs are unique and modular, delivering both high and low voltage eDrive solutions. Saietta's difference lies in its ability to conceive powertrain solutions tailored to deliver competitive advantage and its turnkey engineering services designed to fast-track electric vehicle manufacturers from concept to start of production.

COMPANY INFORMATION

Directors	Wicher Kist (Chief Executive Officer) Steven Harrison (Chief Financial Officer) Anthony Gott (Executive Chairman) Emmanuel Clair (Non-Executive Director) David Wilkinson (Non-Executive Director) Seshu Bhagavathula (Non-Executive Director)
Company number	06744840
Registered and Head Office	Building 210 Heyford Park Camp Road Upper Heyford Oxfordshire OX25 5HE
Group website	www.saiettagroup.com
Company secretary	Fieldfisher Secretaries Limited
Nominated adviser	Cannacord Genuity Limited 88 Wood Street, London EC2V 7QR
Legal advisers	Fieldfisher LLP Riverbank House, 2 Swan Lane London. EC4R 3TT
Patent attorneys	Reddie & Grose LLP The White Chapel Building 10 Whitechapel High Street London. E1 1QS
Auditors	BDO LLP 55 Baker Street, London W1U 7EU
Financial public relations advisers	FTI Consulting LLP 200 Aldersgate, London. EC1A 4HD
Corporate adviser	Nash & Co Capital Limited 40 Craven Street, London WC2N 5NG
Registrars	Share Registrars Limited The Courtyard, 17 West Street Farnham GU9 7DR

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SAIETTA

OUR STRATEGY

We strive to deliver the right products and services, through the right people and competences, at the right time.

FINANCIAL HIGHLIGHTS

Robust financial performance and reinvestment.

Gross proceeds raised through placing[1]

£37.5m

(2021: £nil)

Turnover

£3.6m

(2021: £0.9m)

Cash, cash equivalents and bank deposits at 31 March 2022

£18.4m

(2021: £2.9m)

Gross profit

£1.7m

(2021: £0.7m)

Adjusted EBITDA[1] loss for the year

£4.4m

(2021: £1.0m loss)

Loss per share

14p

(2021: 15p)

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

OPERATIONAL HIGHLIGHTS

Saietta Group plc ("Saietta", the "Company", the "Group") has continued to develop and commercialise its electric drive solutions technology.

Admission to the AIM on 7 July 2021 has provided Saietta with the opportunity to execute its growth plans including establishing a manufacturing facility and a pilot production facility which is expected to expand its UK-based production capacity to 100,000 units per annum within three years from Admission.

Notable Developments Include:

Acquisition of e-Traction Europe B.V. (subsequently renamed Saietta Europe B.V.) on 11 November 2021. The move accelerates Saietta's growth strategy by adding new commercial and technical capabilities in the heavy duty sector and an established power electronics production facility.

Achieved substantial progress toward the establishment of a new manufacturing facility at Silverstone Park

Signed joint venture agreement with Padmini VNA Mechatronics Private Limited, a leading Tier 1 Indian automotive supplier to fast-track AFT into the rapidly expanding Asian market.

Signed an agreement to help develop a next-generation zero-emissions inner-city transport solution in collaboration with Electric Assisted Vehicles ("EAV"), a market leader in lightweight vehicle engineering and sustainable technologies.

Launched Propel, its state-of-the-art marine propulsion division based in the Netherlands, on 15 November 2021. Propel manufactures two highly innovative propulsion technologies – the Propel S1 and Propel D1 – which have been designed and developed from Saietta's Axial Flux Technology (AFT) programs.

BOARD APPOINTMENTS

- Strengthened the Board with the appointment of two new Non-Executive Directors, David Wilkinson and Seshu Bhagavathula, and a new Non-Executive Chairman, Anthony ("Tony") Gott, all bringing substantial experience in accounting and public companies, heavy duty vehicles and the Indian market and the global automotive industry respectively.
- Subsequent to the year-end, it is proposed that Tony Gott will move to an Executive Chairman role from Non-Executive, in order to support the Company's continued growth.

CHAIRMAN'S STATEMENT

Saietta has made exceptional progress operationally and technically in 2021/22.

ANTHONY GOTT

Executive Chairman
Saietta Group plc

Review

Saietta has enjoyed its most successful year since incorporation despite the numerous headwinds faced by manufacturing industries during 2021/22, including the continuing global impact of Covid-19 and the trade tensions and risks associated with Brexit.

Facilitated primarily by the proceeds raised by the admission to AIM, Saietta has made considerable progress in its core focus lightweight mobility market, commencing the planned expansion of its UK production and testing capabilities, and has, through its marine division, opened-up access to a new market segment with significant potential.

As anticipated the financial resources secured through the IPO have enabled the Company to accelerate its interaction with a number of Original Equipment Manufacturers ("OEM") and Saietta remains dedicated to securing a number of long-term, high volume OEM relationships globally.

Saietta has deployed a considerable portion of the capital raised at IPO to:

a. establish a new production facility at Silverstone Park and, shortly after the year-end, in Sunderland that is being purposed to ramp up Saietta's production capacity to approximately 100,000 units per year on an annualised basis within the next three financial years; and

b. acquire 100% of the Netherlands based electric drive train manufacturer e-Traction from the Evergrande New Energy Automotive group for a total consideration of up to €2 million which is delivering an acceleration of both commercial and technical growth plans, particularly with regards to the truck, bus and coach sector.

In response to market demand a key recent development in Saietta's business goal regarding its core axial flux technology ("AFT") has been a move to prioritise the provision of fully integrated e-drive systems. By combining the Saietta AFT motor with integrated power electronics, a gearbox and a bespoke axle configuration the Company intends to capture vertically integrated margins as opposed to focusing on standalone motor sales.

Saietta had previously aspired to offer such solutions; however, its ability to deliver integrated e-drive systems has been accelerated by the acquisition of e-Traction in November 2021 which has enabled it to progress the development of its in-house integrated inverter for AFT products. This additional capability means that inverter and powertrain controls may be supplied to end customers fully integrated with AFT motors.

The accelerated commercial success of Saietta's marine products subsidiary "Propel" which has developed an award winning fully integrated marine e-drive system and generated approximately €1.5 million of revenue in its first full year of operations. This has proven the ability of the Group to leverage AFT technology into commercially successful vertically integrated e-drivetrain systems and get them to market within months.

At our IPO, Saietta had 37 employees in one location with designs and intellectual property for a series of branded AFT motors and a business plan for a marine application. Fast-forward just twelve months and the Company has grown in capability and scale. It now encompasses 5 divisions in 7 locations across the UK and Netherlands with c. 180 employees. Following this rapid expansion, and at the Board's request, I intend to take on the role of Executive Chairman in order to concentrate fully on the management and control of this growth and integration process. This will allow Wicher Kist ("Vic"), as CEO, to continue to focus on business development and commercialisation. The Board is commencing a search for an additional Non-Executive Director.

Outlook

Saietta employees Group-wide have been integral to delivering on its ambitious growth plans and the Board is extremely confident that our short- and long-term goals remain firmly within our grasp. Saietta's commercialisation remains on track and its first pilot production facility is into the advanced stages of development. We remain confident that, once operational, this will ramp up the delivery of products to our customers.

Saietta and its innovative technology are well placed to address the exciting market opportunities presented by the electrification of the global automotive and marine industries. Saietta has made exceptional progress operationally and technically in 2021/22 and a number of key hires in strategically important positions means that it is well equipped to capture the opportunities presented by the EV revolution.

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

Anthony Gott
Executive Chairman
Saietta Group plc
3 August 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

This was a ground-breaking year for Saietta in many ways.

WICHER KIST

Chief Executive Officer
Saietta Group plc

From launching new divisions, expanding global reach and meeting external challenges, the past year has shown the fundamental strength of our contrarian approach and seen some significant milestones reached even earlier than expected. Our turnover in the 12 months ended 31 March 2022 increased 300% to £3.6 million (2021: £0.9m).

The business has transformed from a single-facility firm with designs for a series of branded AFT motors into a multi-faceted, fast-growing, international business. The Group now consists of:

- An international light duty division offering an entire, integrated e-drive system (comprising gear box, axle, inverter, and controller) packaged around an AFT 140 motor. The Board believes this increases the value of the AFT product offering by 500% and accelerates the timeline for its adoption into vehicle platforms;
- A marine division with an award-winning suite of marine propulsion products which is already capturing sales and is ready for further commercial scale up;
- An international heavy-duty division addressing commercial EVs across both the truck and bus markets globally which has supplied 7 OEMs across Europe to date and has its products operated by 8 different commercial enterprises;
- An in-house power electronics division enabling certain products to be offered in a higher value, full system package; and
- A world class automotive electric motor factory in Sunderland with 4 motor production lines and an electronic circuit board production line which has to date manufactured over 25 million electric motors for automotive OEMs.

Our Achievements During the Year

Padmini VNA Mechatronics Private Limited ("Padmini VNA") Partnership

In May 2021, the Group announced a landmark partnership agreement with Padmini VNA, one of India's premier Tier 1 automotive suppliers.

The commercial agreement will see Padmini partner with Saietta to develop new and exciting opportunities in India's fast-growing electric two-wheel market. Padmini's customer base includes many of India's revered two-wheeler OEMs including Hero MotorCorp, TVS, Bajaj Auto and Royal Enfield.

We now expect the share investment to be finalised by the end of August 2022.

AIM admission

On 7 July 2021, the Group listed on the London Stock Exchange's AIM market, raising gross proceeds of £37.5m[1]. This capital was raised to provide Saietta with the funds to execute its growth plans, including establishing a motor durability testing facility and contributing to the expansion of a pilot production facility, which will increase the Company's European production capacity to 100,000 units per annum.

Collaboration with Electric Assisted Vehicles ("EAV")

September 2021 saw the Group announce its technical collaboration project focusing on inner-city mobility solutions with Electric Assisted Vehicles ("EAV").

The collaboration will first centre on EAV's Lightweight Inner-City Solution (LINCS) vehicle, which incorporates a modular lightweight skateboard-style platform intended to be an emissions free alternative to the traditional transit van in urban environments. As part of the agreement, Saietta will become the exclusive supplier of advanced in-wheel traction motors to Electric Assisted Vehicles.

Launch of Propel

In November 2021, the Group announced the launch of Propel, its state-of-the-art marine propulsion division.

Propel is dedicated to designing, developing and commercialising a range of innovative electric motors to advance the electrification of the marine industry. This will support decarbonisation and delivery of sustainable and clean mobility on waterways, while helping boat owners to meet increasingly stringent legislation. Premiering at the Marine Equipment Trade Show (METS) in Amsterdam in November 2021, Propel showcased two highly innovative propulsion technologies – the Propel S1 and Propel D1 – which have been designed and developed from Saietta's AFT programmes.

1. Gross proceeds are the amount that a seller receives from the sale of a shares. These proceeds include all costs and expenses.

Following this successful launch, commercial sales of £1.3m (€1.5m) were achieved within the financial year and the order book for the 2022/23 financial year is already at €500,000. There are now 11 domestic dealers signed up in Holland as well as commercial approaches from a number of larger international distributors. Saietta is targeting average revenues per unit of €3,500 and new regulations governing the usage of ICE motors in inland waterway applications in Europe lead the management to anticipate material demand going forward.

Acquisition of e-Traction Europe B.V.

In November 2021, the Group acquired 100% of e-Traction Europe B.V. ("e-Traction"), a Netherlands-based company which is a designer and supplier of electric drivetrains for heavy goods vehicles (HGVs) and buses, as well as a designer and manufacturer of high voltage power electronics, including inverters and control systems.

The acquisition of e-Traction advances the development and commercial deployment of the Group's high voltage electric motor designs, and brings additional product variants into Saietta's portfolio – encompassing complementary power electronics and heavy-vehicle drivetrains. The Power Electronics division that Saietta has established following the acquisition is allowing the other divisions to accelerate their business plans and enhance the value of their product offerings.

The acquisition is also expected to provide the Group with an increased share of the electric motor market through access to the heavy duty market segment.

Strategy, Recent Developments and Commercial Opportunities

Looking ahead, the outlook is incredibly positive for Saietta. We envisage the development and growth experienced in 2021/22 will continue and accelerate, as the Group's development milestones are met.

The evolution of the AFT business model towards the development and supply of integrated e-drive systems is expected to materially enhance Saietta's long term revenue and margin expectations. However, the Directors believe that the manufacturing scale-up of the product programme will require a greater investment than the original standalone motor supply plan. To allow for a strategic re-allocation of resources, the scope for the development of the previously planned motor durability test centre has been reduced to a smaller facility purposed for internal testing only. The Directors believe that the accelerated move into complete e-drive systems can deliver greater revenue than the proposed test centre.

This new business model has already resulted in initial contract wins for prototype integrated AFT140 based e-drive systems from four light duty vehicle manufacturers around the world. In combination, these customers estimate they will require in the region of 350,000 e-drive systems over the next 5 years and the Company estimates an average unit price of £1,250 (any such sales will remain subject to contract and will likely be through separate or joint venture entities and therefore should in no circumstances been considered as a revenue forecast for the Group).

As a result of these commercial developments, Saietta will be prioritising the mass production of the AFT140 over other products in the AFT portfolio. Since the post-period acquisition of the Sunderland Factory, the Company has received further enquiries of interest from a range of European vehicle OEMs in different market segments, in addition to the above-mentioned commercial progress.

Since its acquisition in November 2021, e-Traction has been renamed as Saietta Europe B.V. and, through collaboration with the rest of the Group, has developed new products to expand its focus from the niche EU bus market to the far larger global truck market. Given regulatory developments in the global HGV market, we are confident of material demand for these e-drive systems in the short and medium term.

Our Manufacturing Division is now a 39-person strong team with established functions in procurement, production, quality control and aftersales – as well as an established supply and logistics framework. This proven volume and quality capability has been instrumental in the recent increase of commercial traction across the Group.

Post-period end, Saietta was awarded a £2 million grant from the UK Government's Automotive Transformation Fund under the Scale up Readiness Validation (SuRV). The grant, which commenced on 1 August 2022 and runs for 18 months, forms part of Saietta's investment programme in Commercial Vehicle E-axle pilot production and preparation for scale-up.

I am delighted that Tony Gott has agreed to become Executive Chairman for a four-year period to drive the management and control of our growth and oversee the various integration processes we have underway. This will allow me to continue to focus on business development and commercialisation.

Future growth strategy

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

- Completion of pilot production facility at Silverstone Park which will increase the Company's European production capacity to 6,000 units per annum;
- Repurposing the 86,000 square feet Sunderland factory to deliver 100,000 AFT units per annum;
- Securing a number of long-term, high volume OEM relationships globally;
- Increase brand awareness and reputation of the Group, both domestically and globally; and
- Continue to secure crucial patents across all key international markets.

Saietta is quickly positioning to become a world leader in drive train systems and technology for applications across the electric vehicle and marine segments. We believe that the process of global transport transition is accelerating while expanding into heavy commercial functions and that, with our advanced automotive technology and engineering excellence, we are well placed to become a force to be reckoned with in this new global landscape.

Wicher Kist
Chief Executive Officer
Saietta Group plc
3 August 2022

FINANCIAL REVIEW

We are expanding our commercial operations and furthering the Group's ability to generate revenue across a number of divisions and geographies.

The Financial Review should be read in conjunction with the consolidated financial statements of the Group and the notes thereto on pages 47 to 83. The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements of the Company continue to be prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006 and are set out on pages 86 to 110.

Review of the Group's Business and Financial Performance

Overview

Following the successful Admission to AIM in July 2021, Saietta began utilising the funds raised to fulfil its expansion plans as laid out during the admission process. This included the purchase of plant and machinery which will form the cornerstone of Saietta's automated production facility, expanding its commercial operations and furthering the Group's ability to generate revenue across a number of divisions and geographies.

The Group delivered encouraging results during the year, generating total revenue of £3.6m (2021: £0.9m) whilst formalising its business structure and establishing five principal divisions, discussed in greater detail in the CEO's statement, which will form the foundation of its expansion plans:

a) Lightweight Mobility Division

b) Heavy-duty Commercial Division

c) Marine Division

d) Manufacturing Plant

e) Saietta VNA - India

Establishment of production facility

As at 31 March 2022, the Group had invested £1.9m into developing the automated production line which will serve to increase the Group's AFT motor production capacity from 1,000 per annum to approximately 6,000 per annum in its first full year of operation. A further £3.6m has also been allocated for specific machinery which is on order.

On 4 April 2022, the Group completed a lease for an 86,000 square feet production facility in Sunderland which will ultimately be able to produce in excess of 100,000 units per annum. The automated production lines will be completed in Sunderland with semi-automation scheduled for March 2023 and full automation in by the end of 2023.

At the time of the IPO, £10m was assigned to this task. The propitious selection of the Sunderland plant and synergies from the E-Traction acquisition have both materially reduced the capital outlay necessary.

Business development - Lightweight mobility division

Despite the impact of external factors including the continuing global impact of Covid-19 and the trade tensions and the risks associated with Brexit and latterly, Ukraine, Saietta was able to achieve considerable operational and financial success during the year.

Sales within the UK totaled £1.2m, an increase of £0.4m from 2021 (£0.8m). This was driven primarily by engineering design service revenue of £0.9m (2021: £0.8m), motor sales revenue of £0.1m (2021: £0.1m) and commitment fees of £0.2m (2021: £nil).

The volume of sales from Engineering Design Services varies year to year and is dependent upon the stage reached for each project. As the commercial production of the Group's electric motors has increased, revenue from the sale of motors now comprises a greater proportion of total revenue.

Business development - Heavy-duty and Marine divisions

In 2021/22 the Group's Heavy-duty and Marine divisions, which are primarily centered in the Netherlands, achieved European sales of £2.2m (2021: £nil) and Rest of World sales of £0.2m (2021: £nil).

This was driven by the launch of the Group's Propel inboard and outboard motors, for which there has been very positive initial customer demand, and translated into sales of £1.3m (2021: £nil) in its first months of operations.

Similarly, within the Group's Heavy-duty division, the sales pipeline is strong and the acquisition of e-Traction Europe B.V., subsequently renamed Saietta Europe B.V., has contributed additional revenue of £0.6m in respect of retrofit sales since the acquisition in November 2021.

Gross profit

Saietta delivered gross profit of £1.7m (2021: £0.7m) with a healthy gross profit margin of 48% (2021: 78%). The fall in gross margin is driven by revenue mix, in particular through the additional revenue generated by the Heavy-duty and Marine divisions.

Other income

£0.7m (2021: £nil) of grant income was recognised from three projects (2021: 1 project). Principal amongst these were the projects with Innovate UK ("APC 16") which generated income of £0.6m (2021: £nil) and two Dutch partners which generated £0.1m (2021: £nil).

Administrative expenses

Administrative costs for the year of £14.1m represents an increase of £12.3m (2021: £7.0m). This increase is driven by the Group expanding its operations across geographies which in turn has served to increase its fixed cost base. In particular, the IPO provided funds to grow its existing operations, launch Propel B.V., and acquire e-Traction Europe B.V. which has caused total, average staff numbers to increase from 25 in 2021 to 100 in 2022.

The share-based payment charge decreased from £5.7m in 2021 to £4.4m in 2022, due to most historical share options vesting at Admission. This is offset against a full year charge associated with the new Long-Term Incentive Plan ('LTIP') awards from April 2021 and an increased number of employees resulting in greater numbers qualifying for the Company's share option scheme.

Adjusted EBITDA

The underlying level of loss that is measured by Earnings Before Interest, Tax, Depreciation and Amortisation and non-recurring expenditure, which excludes expenses associated with the Admission to AIM and share-based payments (adjusted EBITDA), shows an increase in adjusted EBITDA loss from £1.0m in 2021 to £4.4m in 2022.

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

Consolidated Statement of Financial Position and Cash Flows

Non-current assets

As at 31 March 2022, non-current assets amounted to £15.5m (2021: £4.0m), including intangible assets of £8.4m (2021: £3.4m) and property, plant and equipment of £3.5m (2021: £0.2m).

Intangible assets increased by £5.0m during the year. Capitalised, internally-generated development costs and the purchase of intangible assets accounted for £3.8m (2021: £0.8m) and £1.3m (2021: £nil) respectively.

Current assets

As at 31 March 2022, current assets amounted to £27.4m (2021: £3.6m), including net funds of £18.4m (2021: £2.9m).

The principal elements of the increase in net funds were:

- Gross proceeds through placing and subscription of £37.5m (2021: £nil)[1];
- Share issue costs associated with the listing of £2.5m (2021: £nil);
- Operating cash outflow of £7.8m (2021: £0.2m);
- Conversion of the convertible loan notes of £2.34m (2021: £nil) into Equity at Admission on 7 July 2021;
- Investing activities including the acquisition of intangibles, property, plant & equipment and the capitalisation of development costs which totalled £8.9m (2021: £0.9m); and
- Movements in working capital of £1.0m outflow (2021: £1.7m inflow).

Cash and cash equivalents at 31 March 2022 was £18.4m.

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

Key Performance Indicators (“KPIs”)

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

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

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

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

Key Performance Indicators analysis

Year ended 31 March:

		2022	2021	Movement (%)	Explanation for variances
Engineering hours worked		6,904	1,606	330%	During the year, the Group progressed from being an entity focused on research and development to one pursuing commercial activities, alongside continuing to increase its intellectual property and product range. This was fuelled by the grant of several patents on its novel axial flux technology and the proceeds from its Admission providing the funding necessary to invest in key staff hires and cutting-edge manufacturing equipment which in turn allowed it to increase its production capacity considerably.
Completed units produced	AFT140	50	7	614%	
	AFT190	3	-	N/A	
	D1 inboard	115	-	N/A	
		168	7		
Employee headcount	UK	83	33	152%	
	NL	59	1	5800%	
		142	34	318%	

STRATEGIC REPORT

The Board are pleased to present their strategic report for the year ended 31 March 2022.

Principal Activities

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

Following its acquisition of e-Traction in November 2021, Saietta has also become an established provider of radial flux technology ("RFT") electric motor solutions for high voltage applications, notably in trucks and buses.

Business Strategy

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

Saietta's ground-breaking axial-flux technology

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

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

Saietta's recognised radial-flux technology

Through its acquisition of e-Traction, Saietta has established a division able to service the needs of high voltage electrification of vehicles in the truck, bus and coach category. Whether through the retrofit of old diesel buses to far far greener electric drive technology, or design of electric drive train solutions directly for OEMs, the established capabilities of this division enable Saietta to take its vision of a cleaner, greener transportation system far wider, far sooner than envisaged at the time of its IPO.

Commercialisation

Saietta is currently manufacturing its motors on a small scale at its Heyford Park premises. These motors are being continuously improved for further enhancement of their properties, and also sold for customer evaluation, as well as to end customers within the marine applications. Following the securing of a lease on factory premises in Sunderland, Saietta will next move scale production into a purpose ready facility in excess of 8,800 square metres in area.

The successful equity placing which concluded in July 2021 provided funds to execute the Board's growth plans which include:

- support the Group's transfer of production 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;
- accelerate the Group's business plans allowing it to offer fully integrated e-drive systems by combining the Saietta AFT motor with integrated power electronics, a gearbox and a bespoke axle configuration; and
- provide the option for investing in further growth in AFT motor production capabilities.

In the financial year ended 31 March 2022, the Group operated through three distinct business divisions:

a. Lightweight mobility which focuses on AFT developments particularly low voltage two and three wheelers;

b. Heavy-duty commercial which covers the truck, bus and coach markets; and

c. Marine division, fronted by Propel, which is the Group's marine division selling inboard and outboard motors both via distributors and direct to customers.

Following its assumption of a lease in Sunderland and its co-operation with Padmini VNA India, the Group will operate though five business divisions in the forthcoming year.

Business Model

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

MODEL 1
LIGHTWEIGHT
MOBILITY DIVISION

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

Saietta's current Upper Heyford-based pilot production facility can accommodate up to 1,000 units per year. The proceeds of the Placing have contributed to the development of a UK production facility at Silverstone Park and a further facility in Sunderland that together will provide a capacity of approximately 100,000 units per year on an annualised basis. This UK-based production capacity will be globally competitive at a target price point. Its purpose will be to supply European and small batch demand whilst major customers in the US, India and the Far East establish their own manufacturing capacity with Saietta's support.

In order to meet the anticipated volume demand, Saietta envisages that it will need to enter into technology licensing and manufacturing joint ventures with selected third-party organisations who will manufacture Saietta's AFT motors overseas. The Joint Venture agreement entered into with Padmini VNA, a specialist manufacturer of automotive parts, will greatly support the Group in fast tracking Saietta's AFT motors into the large motorbike sector in India, where such licencing is expected. Saietta's share investment in the joint-venture company is expected to be finalised by the end of August 2022.

MODEL 2
HEAVY-DUTY
COMMERCIAL DIVISION

Through its Radial-Flux Technologies ("RFT") motor topology and power electronics capabilities, Saietta is able to provide OEM's in the truck, bus and coach market with a similarly broad range of engineering design, test and prototype services. With a multi-patented solution for complete e-axles, Saietta is well placed to respond to the legislative demands on European cities for electrification.

Furthermore, prompted by this need to electrify large cities, Saietta retrofits diesel buses across Europe with electric motors designed and built to specification. This both accelerates the electrification required in major European cities, thereby prompting greater charging infrastructure, and introduces bus and coach operators to the many advantages of the RFT in-wheel topology.

MODEL 3
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. Inland waterways provide a suitable dynamic given their low speed and low resistance conditions. Inland waterways can also provide constant access to potential recharging points or battery exchange points.

Saietta's marine division, Propel, is dedicated to designing, developing and commercialising a range of innovative electric motors to advance the electrification of the marine industry while supporting decarbonisation and delivering sustainable and clean mobility on waterways, while helping boat owners to meet increasingly stringent legislation.

Inboard and outboard motors are addressed by launch products D1 and S1 respectively.

Principal Risks and Uncertainties

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

Defining risk

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

Responsibility for Risk

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

Principal Risks

Risk	Description	Mitigation strategies	Severity
COMMERCIAL RISKS	The Group is subject to competition from competitors who may design more sophisticated or less expensive alternative technologies, both for Saietta's existing product line and for those products which are still being developed.	The Group seeks to reduce this risk by regularly assessing competitors and their technologies. The Group seeks to commercialise the production of its motors through multiple channels to reduce its dependency on individual partners. The Group is also exploring collaborations and partnerships for licensing Saietta' AFT technology. Furthermore the Group ensures that it retains the rights to all internally developed intellectual property and protects them through the registration of patents.	HIGH
	The Group currently produces its AFT motors on a low volume and low automation production basis and seeks to move to higher volume and onto mass production, with higher levels of automation in time. However, given the Group's limited track record of commercialising its technology, there is no certainty that Saietta's AFT motors will perform at the same performance levels once in mass production.	The Group seeks to reduce this risk by establishing a framework of rigorous testing, incorporating the significant experience of our OEM partners throughout the process. This framework requires all products under development to pass through an exhaustive series of trials: from initial virtual simulation testing, before being subject to practical testing in-house and finally, if the previous stages prove successful, all products are extensively tested in real-world scenarios.	MEDIUM
	There can be no certainty that the Group's existing or potential OEM partners will be able to achieve mass market production or the production processes may be subject to delays. Furthermore, there is a risk that the Group's anticipated scale-up in manufacturing capacity and associated benefits of automation, including unit cost reduction, will not be achieved if material costs escalate or delays arise in the installation of the equipment, its commissioning could take longer than expected and equipment may not work as expected.	The Group seeks to minimise this risk by working with an established OEM partner or partners that have a strong track record in manufacturing automation equipment on a mass market scale, incorporating cost reducing processes suitable for such scale manufacturing.	LOW
	The quality of Saietta's brand is paramount to its long-term, sustainable growth model. Therefore negative commentary, regardless of its accuracy, could have a material adverse impact on the Group's business success.	The Group seeks to reduce this risk by growing its customer and partner base, thereby reducing reliance on individual significant companies. The Group also seeks to reduce this risk by taking advantage of its own unique IP and resources over multiple projects.	HIGH

Principal Risks - Continued

Risk	Description	Mitigation strategies	Severity
FINANCIAL RISKS	The Group is reliant on a small number of materially significant customers. If these customer contracts were to expire or be terminated, this could have a material adverse effect on the Group's results, operations or financial condition. The Group expects to incur further operating losses in future ahead of contract growth.	The Group seeks to reduce this risk by growing its customer and partner base, thereby reducing reliance on individual significant companies. The Group also seeks to reduce this risk by taking advantage of its own unique IP and resources over multiple projects. In FY21/22, the Group derived 71.6% of its revenue from 3 customers which represents an improvement from FY20/21 in which it derived 71.6% of revenue from just one customer.	HIGH
	The Group's expansion plans will require it to offer products and services in a variety of countries, meaning its product costs may be in a local currency which differs from the currency in which it records sales revenue. As a result, fluctuations in foreign currency exchange rates may affect operations, which in turn may adversely affect reported earnings and the comparability of period to period results of operations. The Group's exposure to foreign exchange risk is detailed in Note 27.	The Group seeks to reduce this risk by regularly reviewing its operating cycle in order to establish where foreign exchange risk exists within it. Once established, the Group will seek to mitigate the risk of adverse currency fluctuations through the use of financial instruments where necessary to lock-in a favourable, predetermined rate of exchange.	LOW
OPERATIONAL RISK	The Group's ability to supply components to its manufacturing operations at the required time is of paramount importance in achieving production schedules and meeting consumer demand. Supply chain disruptions if not managed, could have an adverse effect on production volume, revenue and profitability, customer satisfaction and reputation within the regions in which Saietta operates.	The Group seeks to reduce this risk by operating an effective supply chain risk management framework which enables proactive engagement with our suppliers to diagnose and mitigate potential disruptions. The Group also continues to maintain and develop strong artnerships with key strategic suppliers to ensure a stable future supply of components.	MEDIUM
INTELLECTUAL PROPERTY RISKS	The Group faces the risk that the requisite intellectual property rights necessary to achieve research and development objectives may not be sufficiently secured or protected. Furthermore, the Group's intellectual property may also become obsolete before all products can be fully commercialised.	The Group seeks to reduce this risk by utilising the services of patent agents and attorneys with considerable experience of global patenting and licensing. At July 2022, the Group had a total of 118 registered patents and a further 90 applications in progress	MEDIUM
	The Group faces the risk that its outstanding patent applications are not granted. Therefore there is a risk that the Group will not be able to secure the protection of its intellectual property in the countries where the patent applications are outstanding, leaving the Group vulnerable to misappropriation of intellectual property by third parties.	The Group seeks to reduce this risk by manufacturing its product in such a way that it is an insurmountable task for third parties to reverse engineer its motors. Furthermore, the Group has substantial information and data security protocols to prevent its intellectual property being misappropriated by third parties, physically or virtually.	HIGH

Risk	Description	Mitigation strategies	Severity
LEGAL & COMPLIANCE RISK	A key element of the Group's proposed growth strategy will be to enter into new geographic and product markets. The Group is therefore presented with challenges caused by distance, language and cultural differences, legal or regulatory restrictions, potential adverse tax consequences and higher costs associated with doing business internationally.	The Group seeks to mitigate this risk by contracting the services of trusted business advisors with extensive experience of the legal and regulatory requirements necessary to operate in the countries and regions within which the Group currently operates, or intends to expand into.	LOW
DEPENDENT ON SENIOR MANAGEMENT & KEY STAFF	Certain employees are considered integral to on the ongoing success of the business. Failure to attract and retain such highly skilled individuals & could adversely affect operational results.	The Group attempts to mitigate this risk by offering new and existing employees appropriate incentives in the form of competitive salary packages, participation in long-term share option schemes and a favourable working environment.	LOW
IT SYSTEMS AND SECURITY INFRASTRUCTURE	As a listed company with unique and valuable intellectual property, the Group is an attractive target for cyber criminals. Failing to safeguard personal data could result in regulatory reprimands, fines which can have an adverse impact on Saietta's reputation and financial damage. Cyber attacks against our IT infrastructure could compromise or disrupt our capacity to deliver products for our customers.	The Group seeks to mitigate this risk by maintaining rigorous controls and managing the Group's information assets to acceptable levels. This is managed and reassessed periodically to ensure controls remain current and appropriate to the size and growth trajectory of the company.	MEDIUM
COVID-19 RISK	The Group is presented with several risks associated with the COVID-19 pandemic. Principal amongst these are the risks to our employees and other stakeholders of working in an environment with a virus present and the impact of government guidelines which may limit the operational capacity of the Group.	The Group is managing these risks with risk assessments to ensure we provide a safe working environment in accordance with the latest government guidance specific to our industry. The risk that we will see some level of disruption on our business from Covid-19 is decreasing as governments have sought to move away from lockdown actions which previously may have disrupted our global supply chain or production facilities.	LOW
GEOPOLITICAL RISK	The Group faces the risk that geopolitical events such as that occurring in Ukraine at present could have adverse impacts on global macroeconomic conditions which in turn could have wide-ranging impacts on Saietta including disruptions to its supply chain, ability to raise further finance and consumer confidence.	The Group seeks to reduce this risk by monitoring the situation closely. Whilst the events unravelling are outside of Saietta's control, Saietta has taken steps to ensure that it is protected against the potential issues which may arise. These includes assessing current supply chains, determining whether they are likely to be affected and taking steps to ensure sustainable supply of key components which forms their products.	MEDIUM

Principal Risks - Continued

Risk	Description	Mitigation strategies	Severity
CLIMATE CHANGE RISK	Given the increasing risks associated with climate change, and to support the Group's ambition to reduce the deleterious impacts of greenhouse gas emissions through its sustainable e-drive solutions, it was agreed that climate risk would become a principal risk from 2022. Saietta has assessed that climate-related risks can be broadly divided into two categories: a. the physical impacts of climate change such as rising sea levels and extreme weather events; and b. risks related to the transition to a lower-carbon economy such as changing market demand and carbon pricing. The Board of Directors takes a proactive approach in relation to assessing and managing these climate-related risks and opportunities. As part of this risk assessment process, the Group considers where it is vulnerable to the adverse effects of the climate change and magnitude of that vulnerability. By assessing the Group's exposure to these risks, the Group is able to prioritise taking steps to address the most business-critical issues first.	The Group seeks to mitigate this risk by actively promoting its product as a way of allowing society to pivot away from high carbon-emission vehicles and towards sustainable, electric automotives. Internally, it has sought to conduct business with particular sensitivity to it's environmental impact and encourage an ethos of responsibility within management and employees alike. Steps taken during the year to achieve this have included: 1. Optimising the production process to minimise wastage & therefore reduce environmental impact 2. Introduction of an Electric Vehicle ("EV") salary sacrifice scheme during the year available to all employees 3. Installed EV charging points at all of its premises which are free for all staff to use The Group's exposure to the risks posed by legislative changes as economies seek to reduce their carbon emissions is limited due to Saietta's product range being aligned with the automotive industry's push towards to e-drive solutions.	MEDIUM
BREXIT RISK	The Group has reviewed the impact of Brexit on the risks identified above and believes that whilst intellectual property risk will remain largely unaffected, there may be an impact in the future regarding the Group's ability to attract and retain highly skilled individuals.	The Group remains vigilant and continuously reviews this potential risk and formulates its response at the appropriate time. Brexit has had a negligible impact on the operational performance of the Group to date.	LOW

SECTION 172(1) STATEMENT

During 2022, we acted in good faith to promote the long-term success of Saietta Group plc.

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

a. The likely consequences of any decision in the long-term;

b. The interests of the Company's employees;

c. The need to foster the Company's business relationships with suppliers, customers and others;

d. The impact of the Company's operations on the community and the environment;

e. The desirability of the Company maintaining a reputation for high standards of business conduct; and

f. The need to act fairly as between members of the Company.

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

Stakeholder Group	Why engagement is important	Engagement process	Strategic decisions in the year
INVESTORS	To convey and secure support for long-term strategic objectives and expansion plans.	Annual and interim reports, AGM, analyst presentations, investor presentations, shareholder circulations.	Decision to acquire e-Traction using institutional funds raised from investors to improve our competitive advantage.
EMPLOYEES	In order to promote our long-term objectives, culture, values and employees' well-being. which leads to higher productivity and reduced turnover rates.	Yearly performance reviews with strategic objectives, formal policies and procedures, evaluations and culture which conveys our values.	Enhancement of benefits for employees in areas of life assurance and pensions.
CUSTOMERS	Customer satisfaction is paramount to long-term strategic objectives.	Customer surveys, clear and consistent communication in line with brand values.	In response to market demand, Saietta has taken steps to prioritise the provision of fully integrated edrive systems which incorporate its core AFT technology.
COMMUNITY AND THE ENVIRONMENT	To ensure all business activities are socially and environmentally responsible and thus align with our corporate objectives as a company offering eco-friendly vehicle solutions.	Products promote energy reduction, corporate and social responsibility policy.	Implemented an electric vehicle salary sacrifice scheme for employees. Installed vehicle charging points available to all employees.

By order of the Board

Wicher Kist
Chief Executive Officer
3 August 2022

Anthony Gott
Executive Chairman
3 August 2022

CHAIR'S STATEMENT

GOVERNACE

Delivering in markets that are rapidly growing and has strategic plans that respond to such growth.

DIRECTORS REPORT

Delivering class-leading performance for its target markets whilst being low cost and built for mass market production.

STEVEN HARRISON

Chief Financial Officer
Saietta Group plc

The Directors present their report and the consolidated financial statements for the year ended 31 March 2022.

Directors

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

	Date of appointment	Date of resignation	Ordinary shares of £0.011 each 2022	Ordinary shares of £0.011each 2021
Executive Directors:				
Wicher Kist	23 November 2018	N/A	1,295,174	-
Steven Harrison	22 April 2021	N/A	-	-
Paul Preece	23 November 2018	7 July 2021	1,043,517	-
Non-Executive Directors:				
Emmanuel Clair	23 November 2018	N/A	12,603,709	12,467,615
David Wilkinson	7 July 2021	N/A	8,333	-
Anthony Gott[1]	7 July 2021	N/A	-	-
Seshu Bhagavathula	17 December 2021	N/A	-	-
John Winn	1 March 2020	7 July 2021	6,326,934	6,646,526

1. On 1 August 2022, Anthony Gott was appointed Executive Chairmain.

Principal Activities

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

Following its acquisition of e-Traction in November 2021, Saietta is also a provider of electric drive solutions to OEMs and transport operations in the Heavy Goods Vehicle ("HGV") sector.

Review of Business

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

Going concern

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

The Group has prepared forecasts for future scenarios both incorporating such funding needs and excluding such.

These forecasts align to the strategy set out at IPO which were based on the assumption that the Group will significantly increase its revenue and be able to generate significant gross profit in the next 12 months. If the timing of the increased revenue generation is delayed there may be a need for the Group to raise additional financing.

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

Results and Dividends

The Group loss for the year, before taxation, amounted to £11,132,085 (2021: £7,297,163). The Directors do not recommend a final dividend this year (2021: £nil).

Research and development costs

In accordance with the policy outlined in note 2, the Group incurred research and development expenditure of £3,755,989 (2021: £774,665) in the year. Commentary on the major activities is given in the Strategic Report.

Financial instruments

The use of financial instruments and financial risk management policies is covered in the Strategic Report and also in note 27 of the financial statements.

Substantial shareholdings

At 31 March 2022, the Company had been notified that (other than Directors) the following were interested in 3% or more of the issued capital of the Company:

	Number of Ordinary shares	% of issued share capital
Amati AIM VCT plc	9,530,898	11.21%
Lawrence Marazzi	7,554,543	8.88%
John Michael Winn	6,326,934	7.44%
Premier Milton Investors	6,167,456	7.25%
Schroder Investment Management	5,685,015	6.68%
Scott Roberts	2,681,723	3.15%
Unicorn Asset Management	2,625,497	3.09%

At 31 July 2022, there were 85,051,953 Ordinary shares in issue.

Governance and the Board

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

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

Events after the reporting period

On 4 April 2022, Saietta Group plc was assigned the lease of a manufacturing facility in Sunderland, UK. The lease term commences on 4 April 2022 and terminates 27 September 2040. In addition, the Company paid consideration of £1,100,000 for plant & equipment housed within this facility.

In June 2022, Saietta was awarded a £2 million grant from the UK Government's Automotive Transformation Fund under the Scale up Readiness Validation (SuRV) to support Saietta's investment in commercial vehicle e-axle pilot production and preparation for scale-up.

Strategy and future developments

The Group's strategy and future developments is covered in the Chief Executive Officer's Report on page 10 to 11.

Major macroeconomic impacts

Covid-19: We are mindful that the COVID-19 pandemic continues to have a notable impact on global supply chains; however, we do not anticipate that our production and sales volumes projections will be adversely affected in FY2022/23.

Economic and geopolitical factors: Inflationary pressures have been increasing throughout the first half of 2022, with major economies across the globe experiencing high energy prices linked to the conflict in Ukraine. This could impact the business as some prices we pay our suppliers are directly indexed to market rates and therefore our profit margins could be slightly reduced by these increased raw material costs. This increasing inflationary pressure could also affect consumer inflation expectations and cause a direct response from central banks in FY2022/23 and beyond, which could negatively affect the trajectory of future economic growth. Looking ahead, we will continue to monitor the impact of changes in material costs on our margins and may look to adjust sales prices if we cannot avoid passing cost increases on to our consumers.

Semiconductor shortage: Throughout FY2021/22, the automotive industry has had to respond to the global shortage of semiconductors which has been caused by a number of factors including supplier production disruption, increasing demand within the automotive sector driven by the shift to automation, and increased demand from non-automotive sectors. This has had a direct impact on our supply chain and our ability to satisfy customer demand but is not expected to impact on our sales volumes. Looking ahead, we expect gradual improvements in the availability of semiconductors, driven by increases in production capacity at suppliers.

Auditors

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

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

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

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

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

This report was approved and authorised for issue by the Board on 3 August 2022 and signed on its behalf by:

Steven Harrison
Chief Financial Officer
Saietta Group plc
3 August 2022

REMUNERATION REPORT

Long-term value for shareholders and performance is at the heart of remuneration policy.

ANTHONY GOTT

Executive Chairman
Saietta Group plc

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

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

The components of remuneration are:

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

Service contracts

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

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

Individual	Notice period
Wicher Kist (Chief Executive Officer)	12 Months
Steven Harrison (Chief Financial Officer) (Appointed 22 April 2021)	12 Months
Emmanuel Clair (Non-Executive Director)	12 Months
David Wilkinson (Non-Executive Director) (Appointed 7 July 2021)	12 Months
Seshu Bhagavathula (Non-Executive Director) (Appointed 17 December 2021)	12 Months
Anthony Gott (Non-Executive Chairman) (Appointed 7 July 2021)	12 Months

Directors' remuneration table

The remuneration of the Directors for the year to 31 March 2022 and the year to 31 March 2021 is set out in the table below.

		Base salary £	Taxable benefits £	Pensions £	Total fixed £	Bonus £	option expense £	Total variable £	Total remuneration £
Wicher	2022	233,190	582	7,762	241,534	56,250	1,926,487	1,982,737	2,224,271
Kist	2021	150,000			150,000	120,000	-	120,000	270,000
Steven	2022	192,945	4,482	12,445	209,872	88,236	78,980	167,216	377,088
Harrison[1]	2021	-	-	-	-	-	-	-	-
Paul	2022	26,587	-	798	27,385	-	336,924	336,924	364,309
Preece[2]	2021	100,000		3,600	103,600	20,000	-	20,000	123,600
Total	2022	452,722	5,064	21,005	478,791	144,486	2,342,391	2,486,877	2,965,668
	2021	250,000	-	3,600	253,600	140,000	-	140,000	393,600

1. Steven Harrison was appointed as director on 22 April 2021.
2. Paul Preece resigned as director on 7 July 2021.

Non-Executive Directors' remuneration table

The remuneration of the Non-Executive Directors for the year to 31 March 2022 and the year to 31 March 2021 is set out in the table below.

		Base fee £	Additional fee £	Total expenses[1] £	Total remuneration £	Basis for additional fee
Emmanuel Clair	2022	23,908	-	-	23,908	N/A
	2021	-	-	-	-	
David Wilkinson[2]	2022	28,322	8,107	-	36,429	Additional hours worked in excess of contracted hours.
	2021	-	-	-	-	
Seshu Bhagavathula[3]	2022	13,117	-	-	13,117	N/A
	2021	-	-	-	-	
Anthony Gott[4]	2022	35,678	16,526	1,741	53,945	Additional hours worked in excess of contracted hours.
	2021	-	-	-	-	
John Winn[5]	2022	-	-	-	-	N/A
	2021	-	-	-	-	
Total	2022	101,025	24,633	1,741	127,399	
	2021	-	-	-	-	

1. The taxable expenses include travel and other expenses related to their role and have been grossed up for tax, where applicable.
2. David Wilkinson was appointed Non-Executive Director on 7 July 2021.
3. Seshu Bhagavathula was appointed Non-Executive Director on 17 December 2021.
4. Anthony Gott was appointed Non-Executive Director on 7 July 2021. On 1 August 2022, Anthony Gott was appointed Executive Chairman.
5. John Winn resigned as Non-Executive Director on 7 July 2021.

Payments to past Directors

During the year to 31 March 2022, no further payments were made to any past Directors.

Payments for loss of office

During the year to 31 March 2022, no payments were made for loss of office.

Director shareholdings

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

At 31 March 2022, the Company had been notified that the following Directors were interested in the issued capital of the Company:

	Number of Ordinary shares	% of issued share capital
Wicher Kist	1,295,174	1.52%
Emmanuel Clair	12,603,709	14.82%
John Winn[1]	6,326,934	7.44%
David Wilkinson	8,333	0.01%

1. John Winn resigned as Non-Executive Director on 7 July 2021.

Saietta Group Share Option Plan (Audited)

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

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

Directors	Share option Scheme	Date of grant	At 31 March 2021 (No. of share options)	Granted during the year (No. of share options)	Lapsed during the year (No. of share options)	Exercised during the year (No. of share options)	At 31 March 2022 (No. of share options)	Exercise price (Pence)	Exercise date / period
Executive Directors									
Wicher Kist	SMT A	10/12/2020	541,487	-	-	(541,487)	-	1.20	07/07/2021
	SMT B	10/12/2020	2,736,916	-	-	(809,864)	1,927,052	1.20	31/12/2019 - 30/12/2022
	SMT C	01/04/2021	-	1,874,750	-	(86,250)	1,788,500	1.20	31/07/2021 - 31/07/2023
	SLTIP[1]	07/06/2021	-	750,000	-	-	750,000	1.00	31/03/2022
	ELTIP[2]	07/06/2021	-	1,750,000	-	-	1,750,000	1.00	01/04/2021 - 31/03/2025
			3,278,403	4,374,750	-	(1,437,601)	6,215,552		
Steven Harrison	SLTIP[1]	07/06/2021	-	500,000	-	-	500,000	1.00	31/03/2022
	ELTIP[2]	07/06/2021	-	100,000	-	-	100,000	1.00	01/04/2021 - 31/03/2025
			-	600,000	-	-	600,000		
Paul Preece	SMT A	10/12/2020	541,487	-	-	(541,487)	-	1.20	07/07/2021
	SMT B	10/12/2020	1,418,458	-		(809,864)	608,594	1.20	31/12/2019 - 30/12/2022
	SLTIP[1]	07/06/2021	-	10,000		-	10,000	1.00	31/03/2022
			1,959,945	10,000	-	(1,351,351)	618,594		
			5,238,348	4,984,750	-	(2,788,952)	7,434,146		
Non-Executive Directors									
Emmanuel Clair	SMT B	31/12/2019	58,440	-	-	(58,440)	-	1.20	07/07/2021
	NTA	10/12/2020	212,500	-	-	(212,500)	-	1.20	07/07/2021
			270,940	-	-	(270,940)	-		
John Winn	NTA	10/12/2020	120,000	-	-	(120,000)	-	1.20	07/07/2021
			390,940	-	-	(390,940)	-		
Total			5,629,288	4,984,750	-	(3,179,892)	7,434,146		

1. Denotes the Standard Long-Term Incentive Plan available to all qualifying employees.
2. Denotes the Enhanced Long-Term Incentive Plan, available to qualifying senior management.

Following appointment as Executive Chairman, it is proposed that Mr A. Gott will be awarded 500,000 share options (vesting over 2 years) and an allocation of up to 750,000 LTIP shares and up to 1,750,000 Enhanced LTIP Shares (subject to the established LTIP performance conditions).

The share-based payment charge attributable to Directors in the year was £2,342,391 (2021: £3,639,703).

Anthony Gott
Executive Chairman
Saietta Group plc
3 August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 March 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with UK adopted international accounting standards, and with respect to the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

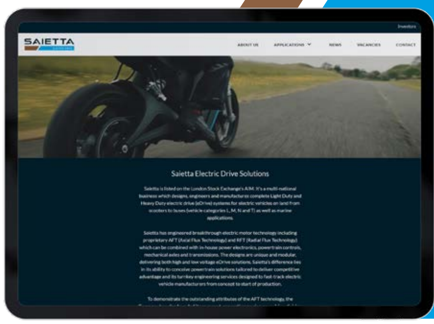
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Website publication

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



CORPORATE GOVERNANCE STATEMENT

We are committed to the highest standards of corporate governance and to compliance with the UK Corporate Governance Code.

STEVEN HARRISON

Chief Financial Officer
Saietta Group plc

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

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

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

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

Principle 1: Business model and strategy

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

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

Principle 2: Understanding and meeting Shareholder needs and expectations

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

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

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

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

Principle 3: Considering wider stakeholder and social responsibilities

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

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

Principle 4: Risk management

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

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

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

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

Principle 5: A Well-Functioning Board of Directors

As at the date hereof the Board comprised the Chief Executive Officer, Wicher Kist, the Chief Financial Officer, Steven Harrison, the Executive Chairman, Anthony Gott and the Non-Executive Directors, Emmanuel Clair, David Wilkinson and Seshu Bhagavathula. The Non-Executive Directors, with the exception of Emmanuel Clair on the basis of his shareholding, are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. Subsequent to the year-end, it is proposed that Tony Gott will move to an Executive Chairman role from Non-Executive, in order to support the Company's continued growth.

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

The Board meets at least 12 times per annum. It has established an Audit & Risk Committee, a Remuneration Committee and a Nominations Committee, the particulars of which appear hereafter. The Executive Chairman and the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Group's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. Anthony Gott, David Wilkinson and Seshu Bhagavathula are considered to be Independent Directors by the Board. The Board shall review further appointments as scale and complexity grows.

Attendance at Board and Committee Meetings

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

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

Board	Attended	Eligible to Board attend
Wicher Kist (Chief Executive Officer)	9	9
Steven Harrison (Chief Financial Officer)	9	9
Emmanuel Clair (Non-Executive Director)	9	9
David Wilkinson (Non-Executive Director)	9	9
Seshu Bhagavathula (Non-Executive Director)	3	3
Anthony Gott (Non-Executive Chairman)	9	9

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

Remuneration Committee	Attended	Eligible to Board attend
Wicher Kist (Chief Executive Officer)	1	1
Steven Harrison (Chief Financial Officer)	1	1
Emmanuel Clair (Non-Executive Director)	1	1
David Wilkinson (Non-Executive Director)	1	1
Anthony Gott (Non-Executive Chairman)	1	1

Nomination Committee	Attended	Eligible to Board attend
Emmanuel Clair (Non-Executive Director)	1	1
David Wilkinson (Non-Executive Director)	1	1
Anthony Gott (Non-Executive Chairman)	1	1

Principle 6: Appropriate Skills and Experience of the Directors

The Board currently consists of two Executive Directors, one Executive Chairman and three Non-Executive Directors. In addition, the Group has employed the services of Fieldfisher Secretaries to act as the Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional expertise across geographies and industries and each of the Directors has experience in public markets.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Wicher ("Vic") Kist (Chief Executive Officer)

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 Saietta in 2017.

Steven Harrison (Chief Financial Officer)

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

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

Anthony ("Tony") David Gott (Executive Chairman)

Mr. Gott joined the Board at Admission on 7 July 2021. On 1 August 2022, Mr. Gott was appointed Executive Chairman.

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.

Emmanuel Clair (Non-Executive Director)

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

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

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

David Wilkinson (Non-Executive Director)

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

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

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

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

Seshu Bhagavathula (Non-Executive Director)

Mr. Bhagavathula joined the board on 17 December 2021.

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

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

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

Principle 7: Evaluation of Board Performance

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

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

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

Following the acquisition of e-Traction Europe B.V., a review of the current composition of the board was undertaken, focusing primarily on responding to the Board's requirement for industry-specific expertise in the heavy-duty automotive sector. As a result of this review, it was determined that the composition of the Board would benefit from the appointment of a new Non-Executive Director with knowledge and experience of this sector. Subsequently, Seshu Bhagavathula was appointed in December 2021 to meet this requirement.

Principle 8: Corporate Culture

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

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

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

Principle 9: Maintenance of Governance Structures and Processes

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

Audit & Risk Committee

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

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

Remuneration Committee

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

Nominations Committee

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

Non-Executive Directors

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

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

External advisors

In February 2021 the Board appointed Nash & Co Capital Limited ("Nash & Co") to provide transaction advice for the Admission process alongside ongoing corporate advisory services. During the year, Nash & Co were involved in co-ordinating and advising on the execution of the VCT transaction, co-ordinating the appointment of required external advisors to the Company with relation to Admission, supporting the Board by co-ordinating the Transaction of Admission from the Company's perspective, building & maintaining a detailed capitalisation table for the Company and designing, building and amending detailed financial models for the Company.

Principle 10: Shareholder Communication

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

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

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

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

Steven Harrison
Chief Financial Officer
Saietta Group plc
3 August 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Saietta Group Plc

Opinion on the Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Saietta Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Independence

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

Material Uncertainty Relating to Going Concern

We draw attention to note 2 in the financial statements which indicates that the accelerated expansion of the Group may result in the need to raise additional funding which is not guaranteed. As stated in note 2, these events or conditions, along with the other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

- We assessed the Directors' base case cash flow forecasts for the period to September 2023 and the underlying assumptions, which have been approved by the Board. Our testing included a comparison of forecasted revenues to actual results together with consideration of expected costs compared to historical actuals. In doing so, we held discussions with the Directors to establish the level of certainty of the expected gross profits and reviewed correspondence with future potential customers and contracts entered into.
- We compared the Group's actual operational results to the budget for 2021 to assess the quality of Directors' budgetary process.
- We have performed a mathematical check on the model.
- We compared the Group's actual operational results to the budget for 2021 to assess the quality of Directors' budgetary process.
- We have considered the ability of the Group to raise additional equity funding which, included speaking to the Group's broker and the Group's ability to raise capital in the past.
- We reviewed and considered the adequacy and consistency of the disclosure within the financial statements relating to the Directors' assessment of going concern basis of preparation against the cash flow models to ensure key judgements within the assessment are appropriately disclosed.

Other matter

The corresponding figures of the Parent Company are unaudited.

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

Overview

Coverage	Key audit matters	Materiality
99% of Group profit before tax	Revenue recognition	*Group financial statements as a whole* £620k based on 1.5% of total assets
100% of Group revenue	Share option valuation	*Specific materiality* £140k based on 1.5% of expenditure. Given the significant increase in assets in the current financial year, a specific materiality is considered appropriate to ensure sufficient audit evidence is obtained over all accounts other than intangible assets, inventory and acquisition balance sheet.
98% of Group total assets	Acquisition accounting risk	
	Going concern	

An Overview of the Scope of our Audit

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

In approaching the audit we considered how the Group is organised and managed. The Group's operations are located in the UK and the Netherlands. We assessed there to be three significant components, being the UK Parent Company, Saietta Europe B.V. and Propel B.V, the two operating companies in the Netherlands. The remaining components were considered non-significant to the Group audit. The Group audit team undertook analytical review procedures on the financial information of these nonsignificant components.

The three significant components subject to full scope audit procedures represent the principal business units and account for 100% of the Group's revenue, 99% of the Group's profit before tax and 98% of the Group's total assets.

Our involvement with component auditors

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

- We held planning and completion meetings with the component auditors.
- Detailed Group reporting instructions were sent to the component auditors, which included the materiality levels, significant risks and significant areas to be covered by their audit, and set out the information to be reported to the Group team.
- We received and reviewed Group reporting submissions and performed a review of the component auditors' file. Our review was performed remotely using our online audit software.
- We held clearance meetings with the component auditors to discuss significant audit and accounting issues and judgements.

The full scope audit performed by the Netherlands component auditor was done under the direction and supervision of BDO LLP as Group auditor. The Group audit team was actively involved in the direction of the audits performed by the component auditor along with the consideration of findings in determination of conclusions drawn. We performed additional procedures in respect of certain significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
1. REVENUE RECOGNITION See note 2, 3 and 5.	The Group earns revenue through a range of revenue streams. The key risk for the group is the revenue generated through the engineering design services which sits within the lightweight Segment. Revenue for engineering design services is recognised over time. The Group recognises revenue using the input method (i.e. costs incurred compared to forecast costs) to measure revenue. This involves the use of judgement by management, particularly in resect of the forecast costs to complete, and we therefore considered it to be a key audit matter.	In addressing the risk, we performed the following procedures: • For all engineering design services revenue contracts in the year we obtained and reviewed the key terms to understand the key performance obligations. • We held discussions with the project teams to understand the commercial terms of the contract and the stage of completion at the end of the year. • For internal costs we agreed the underlying costs for labour rates to employee contracts and timecard analysis. For external costs we vouched to underlying invoices and quotes. • Reviewed contract costs post year end agreeing to timecard reports and underlying invoices to challenge costs to complete. • Recalculated revenue using the actual costs incurred to the end of the year against total expected costs for the contract and contractual revenues and compared our calculation of this to the revenue recognised by Management. **Key observations:** Based on the procedures performed, we consider the judgements made by management in recognising engineering design revenue are appropriate.
2. SHARE OPTION VALUATION See note 2, 3 and 25.	During the year 4,141,024 of options were granted to shareholders, directors and employees to purchase common shares. There is a significant amount of judgement and estimate involved in valuing the share options such as share price volatility, risk free rates and vesting conditions. 800,250 of the share options had market based conditions attached and the value of these is calculated using the Monte Carlo method which looks at all possible forecast share prices to calculate a value. A third party management expert was used for this calculation.	In addressing the risk, we performed the following procedures: • We agreed a sample of new share options issued during the year to their underlying agreements to confirm key details which included exercise price and vesting conditions including gaining an understanding of any performance and market based conditions. • For share options valued using the Black Scholes model we confirmed the inputs in the model used by management, specifically challenging the price volatility assumption by comparing to historic share price volatility. • For the share options valued using the Monte Carlo methodology we involved BDO valuations to assist us to evaluate the methodology and reperform the valuation. • We assessed the independence and competence of the third party management expert used in preparing the Monte Carlo valuation. • We recalculated the share option share charge considering the share option valuation and the vesting conditions. • We considered the adequacy of the disclosure of the transaction within the financial statements against the requirements of the accounting standards and the information obtained during the audit. **Key observations:** Based on the procedures performed, we consider the judgements made by management in recognising the share option charge to be appropriate.

Key audit matter		How the scrope of our audit addressed the key audit matter
3. ACQUISITION ACCOUNTING VALUATION RISK See note 2, 3 and 29.	On 11 November 2021 Saietta Group acquired 100% of the share capital of e-Traction (now Saietta BV). This was a business combination and the assets and liabilities need to be recognised at fair value. The main asset which required a fair value adjustment was in relation to the In Process Research and Development asset which was acquired. This was valued using the Costs to Recreate method. The key estimate is to assess the costs that would need to be incurred based on today's knowledge to recreate the intangible asset and we therefore considered this to be a key audit matter.	In addressing the risk, we performed the following procedures: • We challenged management and management's external valuation expert on the methodology to be used to value the intangible assets. We consulted with our BDO valuation team and concluded that the most appropriate methodology to determine the fair value of the In Process Research and Development asset was the Costs to Recreate method. • We held discussions with management and the Group's Chief Technology Officer to understand how the technology acquired would be beneficial to the future development strategy of the Group. • We challenged management's assumptions used in the Costs to Recreate valuation through discussions with the Groups Chief Technology Officer to understand the assumptions used. We validated salary cost inputs used to salary cost information and benchmarked this against external engineer salary costs. To challenge the Chief Technology Officers estimate of the time needed to recreate the asset we consulted one of our internal Research and Development engineers to understand the different stages of the development process and compared this to time needed for other development projects in the automotive sector based on our industry knowledge. • We tested the book value of the historically capitalised intangibles acquired through sampling capitalised payroll costs which we agreed to timecard information and labour rates were agreed to underlying employment costs. External costs samples were agreed to invoices and contracts to determine the accuracy and existence. • We compared the estimate of the costs to recreate provided by the Chief Technology with the historically capitalised research and development costs as a sense check. • We considered the adequacy of the disclosure of the transaction within the financial statements against the requirements of the accounting standards and the information obtained during the audit. **Key observations:** Based on the procedures performed, we consider the estimates made by management in valuing the in Process Research and Development asset are appropriate.

Our application of materiality

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

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

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

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

Specific materiality

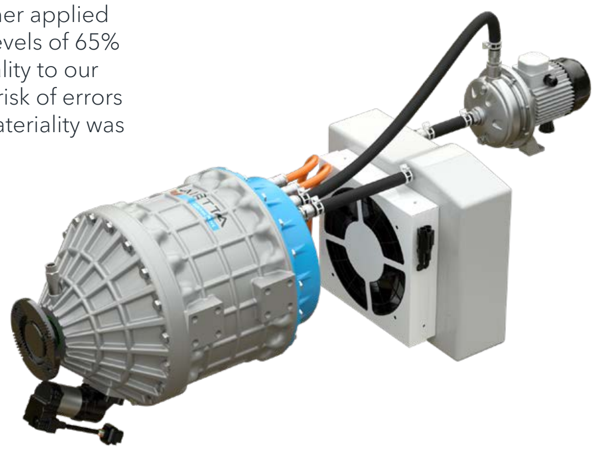
We also determined that for Saietta Group Plc and the significant components, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items as £140,000 based on 1.5% of expenses before share option charge and the bargain purchase for all other areas other than intangible assets, inventory and acquisition balance sheet. We further applied a performance materiality level of 65% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Component materiality

We set materiality for each component of the Group based on a percentage of between 50% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £310,000 to £590,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

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



Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 Reporting

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

Strategic Report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.
Matters on which we are required to report by exception	In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Holding discussions with Management and the audit committee to understand the laws and regulations relevant to the Group and Company. These include agreeing elements relating to laws and regulations disclosed in the financial statements, including UK Companies Act requirements, listing rules requirements, and corporate tax regulations are appropriately disclosed in the financial statements.
- Holding discussions with Management and the audit committee as to their knowledge of any known or suspected fraud instances of fraud and non-compliance with laws and regulations or fraud;
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations and any fraud;
- Assessing the susceptibility of the financial statements to material misstatement, including fraud. We considered the fraud risk areas to be management override of controls and revenue recognition (see Key audit matters above in respect of revenue recognition);
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud by agreeing our selection to supporting documentation;
- Performing a detailed review of the Group's year-end adjusting entries and investigating any that appears unusual as to the nature or amount by agreeing our selection to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year-end, investigating the possibility of related parties and the sources of financial statement resources supporting the transactions;
- Assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management's appropriateness of these judgements, including those set out in the Key Audit Matters section above; and
- Extending enquiries to individuals outside of Management and the accounting department to corroborate Management's ability and intent to carry out plans that are relevant to developing their estimations; and
- We also communicated relevant identified laws and regulations and potential fraud risks to the component audit team and all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Reinecke
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London, UK
3 August 2022

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

FINANCIAL

Solid financial results, increased operating efficiency, and healthy business development

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Revenue	5	**3,595,803**	**870,966**
Cost of sales		(1,870,238)	(190,036)
Gross profit		**1,725,565**	**680,930**
Other income	7	725,545	2,097
Write-off of related party receivable		-	(935,146)
Administrative expenses		(14,110,800)	(7,021,944)
Share option costs	25	(4,406,334)	(5,719,462)
Other administrative expenses	9	(9,704,466)	(1,302,482)
Gain on bargain purchase	29	704,761	-
Operating loss	8	**(10,954,929)**	**(7,274,063)**
Finance income	11	5,523	1
Finance expense	11	(104,621)	(23,101)
Net increase in financial liabilities	23	(78,058)	-
Loss before taxation		**(11,132,085)**	**(7,297,163)**
Tax credit	12	377,420	304,145
Loss for the year attributable to equity holders of the parent company		(10,754,665)	(6,993,018)
Other comprehensive loss, net of income tax, to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		(27,587)	(352)
Total comprehensive loss for the year		(10,782,252)	(6,993,370)
Basic loss per share in pence	13	(0.14)	(0.15)

The earnings per share calculation relates to both continuing and total operations. The notes on pages 47 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

ASSETS	Notes	2022 £	2021 £
Non-current assets			
Intangible assets	14	8,365,506	3,364,156
Property, plant and equipment	15	3,498,541	198,479
Right-of-use assets	16	2,815,049	433,883
Trade and other receivables	18	734,526	-
Prepayments and accrued income	18	101,825	
Total non-current assets		15,515,447	3,996,518
Current assets			
Inventories	17	2,470,043	116,958
Trade and other receivables	18	5,070,139	659,023
Prepayments and accrued income	18	1,237,197	-
Cash and cash equivalents	18	18,402,055	2,862,470
Total current assets		27,179,434	3,638,451
TOTAL ASSETS		42,694,881	7,634,969
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	19	6,819,521	761,399
Borrowings	20	-	176,111
Lease liabilities	21	470,069	114,555
Total current liabilities		7,289,590	1,052,065
Non-current liabilities			
Borrowings	20	-	2,340,000
Lease liabilities	21	2,380,537	330,426
Provisions	22	168,130	-
Liabilities for financial guarantees	23	41,833	-
Total non-current liabilities		2,590,500	2,670,426
EQUITY			
Share capital	24	93,557	51,921
Share premium	24	34,671,275	-
Share options reserve	25	12,217,991	7,318,820
Translation reserve		(27,939)	(352)
Accumulated losses		(14,140,093)	(3,457,911)
Total equity		32,814,791	3,912,478
TOTAL EQUITY AND LIABILITIES		42,694,881	7,634,969

The notes on pages 47 to 83 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 3 August 2022 and were signed on its behalf by:

Steven Harrison
Chief Financial Officer
Saietta Group plc
3 August 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

Operating activities	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Losses after taxation		(10,754,665)	(6,993,018)
Adjustments for non-cash items:			
Taxation	12	(377,420)	(304,145)
Interest income	11	(5,523)	(1)
Interest expense	11	104,621	23,101
Share-based payments	24	4,406,334	5,174,957
Amortisation of intangible assets	14	72,384	18,976
Depreciation of property, plant and equipment	15	174,451	39,708
Currency translation differences	15	3,204	-
Depreciation of right-of-use assets	16	270,477	107,381
Net increase in financial liabilities	23	41,833	-
Profit on disposal of property, plant and equipment		1,900	(562)
Tax credits received	12	-	104,145
Gain on bargain purchase	29	(704,761)	-
Cash used in operating activities before changes in working capital		(6,767,165)	(1,829,458)
Change in working capital			
Decrease/ (increase) in inventories		(669,692)	(65,825)
Decrease/ (increase) in receivables		(4,869,032)	1,186,455
Increase/ (decrease) in non-interest bearing liabilities		4,802,519	546,114
Increase/ (decrease) in provisions		(279,826)	-
Net cash flow used in operating activities		(7,783,196)	(162,714)
Investing activities			
Purchases of intangible assets	14	(515,939)	(34,207)
Capitalised internally generated development costs	14	(3,594,038)	(774,665)
Purchase of property, plant and equipment	15	(3,389,798)	(97,295)
Sale of property, plant and equipment		-	3,109
Acquisition of subsidiary, net of cash	29	(1,427,246)	-
Interest received	11	5,523	1
Net cash used in investing activities		(8,921,498)	(903,057)
Financing activities			
Proceeds from borrowings	20	-	2,340,000
Repayment of borrowings	20	(176,111)	(56,235)
Repayment of lease liabilities	21	(281,872)	(94,710)
Proceeds on issue of shares	24	35,241,809	1,434,789
Share issue costs	24	(2,507,409)	-
Interest paid on lease liabilities	11	(18,609)	(21,177)
Interest paid	11	(13,529)	(1,924)
Net cash flow from financing activities		32,244,279	3,600,743
Net change in cash and cash equivalents		15,539,585	2,534,972
Cash and cash equivalents, beginning of year		2,862,470	327,498
Cash and cash equivalents for continuing operations		18,402,055	2,862,470

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Notes	Share capital £	Share premium £	Share options reserve £	Translation reserve £	Accumulated losses £	Total £
Balance at 1 April 2020		4,358	10,641,597	1,599,358	-	(8,493,716)	3,751,597
Comprehensive loss for the period							
Total comprehensive loss for the year		-	-	-	-	(6,993,018)	(6,993,018)
Other comprehensive income for the year		-	-	-	(352)	-	(352)
Total comprehensive loss		-	-	-	(352)	(6,993,018)	(6,993,370)
Contributions by owners							
Issue of shares	24	47,563	1,387,226	-	-	-	1,434,789
Share-based payments	25	-	-	5,719,462	-	-	5,719,462
Cancellation of share premium	24	-	(12,028,823)	-	-	12,028,823	-
Balance at 31 March 2021		51,921	-	7,318,820	(352)	(3,457,911)	3,912,478
Balance at 1 April 2021		51,921	-	7,318,820	(352)	(3,457,911)	3,912,478
Comprehensive loss for the period							
Loss for the period		-	-	-	-	(10,754,665)	(10,754,665)
Exchange differences on translation of foreign operations		-	-	-	(27,587)	-	(27,587)
Total comprehensive loss		-	-	-	(27,587)	(10,754,665)	(10,782,252)
Contributions by owners							
Issue of shares	24	32,245	35,145,382	-	-	-	35,177,627
Share issue costs offset against share premium	24	-	(2,868,972)	-	-	-	(2,868,972)
Share-based payments	25	-	-	4,899,171	-	-	4,899,171
Share issues on exercise of employee share options	24	6,091	58,165	-	-	-	64,256
Settlement of the convertible loan notes	24	-	-	-	-	72,483	72,483
Shares issued on conversion of convertible loan notes	24	3,300	2,336,700	-	-	-	2,340,000
Balance at 31 March 2022		93,557	34,671,275	12,217,991	(27,939)	(14,140,093)	32,814,791

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. General information

Saietta Group plc ("the Company") and its subsidiaries are collectively referred to as "the Group". The Company is a public limited company, registered in England and Wales. The address of its registered office is 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 financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 March 2021. There was no impact or changes in accounting from the transition.

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

Preparation of consolidated financial statements

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

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

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

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

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

b) Changes in accounting policies

i) New standards, amendments to standards or interpretations

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

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

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

c) Significant accounting policies

Revenue recognition

Performance obligations and timing of revenue recognition

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

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

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

Determining the transaction price

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

Allocating amounts to performance obligations

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

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

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

Costs of fulfilling contracts

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

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

Practical expedients

The company has taken advantage of the practical expedients:

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

Grant income

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

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

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

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

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

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

Expenditure

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

Foreign currencies

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

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

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

Intangible assets

Externally acquired intangible assets

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

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

The significant externally acquired intangibles recognised by the company and their useful economic lives are as Intellectual property patents

Intellectual Property Patents	10% straight line
Software	25% reducing balance

Internally generated intangible assets (development costs)

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

Assets under construction

Assets under construction relates to the construction of an automated production line which at 31 March 2022 was not yet ready for use.

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

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

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

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

Inventories

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

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

Financial instruments

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

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

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

Amortised Cost

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

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

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

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

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

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The Group's accounting policy for each category is as follows:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Financial guarantee contract liabilities

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

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

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

Offsetting financial instruments

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

Derecognition of financial liabilities

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

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

Taxation

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

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

Leases

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

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

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

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

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

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

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

The Group applies the practical expedient to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic that meet the following conditions are lease modifications:

- The change in lease payments results in revised consideration that is substantially the same, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There no substantive change to other terms and conditions of the lease.

Changes to lease payments for such leases are accounted for as if they are not lease modifications.

Provisions

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

Provisions are held for product warranty as detailed in note 22 to the consolidated financial statements

Warranty provisions

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

Onerous contract provisions

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

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 recognized at amortised cost, the derivative embedded in the host contract is separated and measured as an option. This element is not considered material.

Convertible loans which do not meet the 'fixed for fixed' criterion due to the contingency of Listing are classified as liabilities with no equity component.

Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Employee benefit costs

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

Share-based payments

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

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

The Listing was a necessary condition for exercise.

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

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

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

Long-Term Incentive Plan (“LTIP”)

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

Share capital

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

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the financial position of the Group and the Company, their cash flows and their liquidity position . The Group and Company's financial risk management objectives and exposures to liquidity and other financial risks and uncertainties are set out on pages 16 to 19. The Group had net assets of £32,814,791 (2021: £3,912,478) as at 31 March 2022 and available liquidity of £18,402,055 comprised of cash and cash equivalents which is a net increase of £15,539,585 compared to the liquidity position of £2,862,470 as at 31 March 2021 which has been achieved through Admission to the AIM which raised gross proceeds of £37.5m and the Group's operational trading activities.

The Group and Company have modelled scenarios for periods up to four years from the March 2022 year end and stress tested its financial position in such scenarios. These stress tests modelled the variability in financial performance and free cash flows when incorporating certain hypothetical events such as a reduction in forecast revenue to include only revenue committed to date, modifications to capital expenditure and variations in gross margins achieved.

The Group and Company operate in markets that are rapidly growing and has strategic plans that respond to such growth. In delivering those plans, the Group is mindful of the ultimate benefits from maintaining control over the deployment of its intellectual property in applications with major OEM's. In order to do so, it recognises that at times it will potentially need to co-invest with certain major OEM's to enhance the future value it can achieve from application of its products directly into OEM customer sales. The Group has prepared forecasts for future scenarios both incorporating such funding needs and excluding such.

These forecasts align to the strategy set out at IPO which were based on the assumption that the Group and Company will significantly increase their revenue and be able to generate significant gross profit in the next 12 months. If the timing of the increased revenue generation is delayed there may be a need for the Group to raise additional financing.

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

In particular, when looking further ahead, the Directors acknowledge that if it elects to achieve greater participation in future value, the potential then arises for a funds shortfall to arise and that in such circumstances it would need to seek further funding to pursue such a contractual route. In such instances the commercial merits will be weighed in determining whether funding is sought.

The Group and Company have assessed the projected cash flows of the Group and Company for the twelve-month period from the date of authorisation of the financial statements and beyond it later years and have carried out a stress test to determine the under-performance level that would ultimately result in insolvency.

The model takes into account the Group and Company's expectations of external factors including continued supply chain challenges related to semiconductor shortages and prevailing macroeconomic conditions including inflationary pressures. The stress test scenario models the impact of sustained reduction in forecast revenue over the twelve month period and the impact of contractually obliged outflows of cash in respect of capital expenditure.

Whilst acknowledging the direct relationship of commercial decisions with OEM's over needs for future funds beyond the coming twelve months, the Board have concluded, on the basis of all scenarios and of current and forecast trading and related expected cashflows and available sources of finance, that it will be able to continue as a Going Concern for at least twelve months from the date of signing these financial statements and therefore it remains appropriate to prepare the Group and Company's results on the basis of a going concern.

3. Critical Accounting estimates and judgements

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

Useful lives of property, plant and equipment

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

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

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

The carrying amount of property, plant and equipment at 31 March 2022 is £3,489,541 (2021: £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 £366,000.

Accounting for business combinations and fair value – estimates and assumptions

Business combinations are accounted for at fair value. The assessment of fair value is subjective and depends on a number of assumptions. These assumptions include assessment of discount rates, and the amount and timing of expected future cash flows from assets and liabilities. In addition, the selection of specific valuation methods for individual assets and liabilities requires judgment. The specific valuation methods applied will be driven by the nature of the asset or liability being assessed. The consideration given to a seller for the purchase of a business or a company is accounted for at its fair value. When the consideration given includes elements that are not cash, such as shares or options to acquire shares, the fair value of the consideration given is calculated by reference to the specific nature of the consideration given to the seller.

Please refer to Note 29 for further detail.

Useful lives and carrying value of intangible assets

The carrying values of these assets are tested for impairment when there is an indication that the value of the assets might not be realisable or impaired either at an individual cash generating unit level or for the company as a whole.

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.

Useful lives and carrying value of intangible assets

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

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

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

The carrying amount of intangible assets at 31 March 2022 was £8,365,506 (2021: £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 £72,000.

Research and Development ("R&D") credits

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

Expected credit losses and asset impairment

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

Please refer to Note 27 for further detail.

Carrying value of provisions for onerous contracts

IAS 37 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Unavoidable costs are defined as the lower of the cost of fulfilling the contract and any compensations or penalties arising failure to fulfil it.

The Group currently has agreed to fulfil multiple customer contracts that will see unavoidable costs of meeting their obligations exceed the revenues received. As such, these contracts are classified as onerous. The contracts need to be valued at a best estimate of fair value, including the costs directly associated with fulfilling the contract and also the costs from assets used to complete the contracts (Equipment, labour costs, etc). For the purpose of estimating their fair value, the costs are based on the anticipated material, staffing and additional operating expenses. The economic costs are taken as a percentage of the revenue to costs as forecast in 2022.

If the total unavoidable costs of meeting the unavoidable obligations under these contracts were to be 10% higher, this would cause the provision to increase by £9,330 with the corresponding movement recognised as an expense in the Statement of Comprehensive Income. The total provision is expected to be utilised in its entirety before the end of the financial year ended 31 March 2023.

Please refer to Note 22 for further detail.

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 21) and the corresponding right-of-use assets (note 16)

To determine the incremental borrowing rate the company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security. The company used incremental borrowing rates specific to each lease which ranged between 4.1% and 4.5%. A 5% increase in the rate would cause the lease liability to reduce by £413,014 with a corresponding movement in the 'cost' of the right-of-use asset which would reduce the associated amortisation.

Share Options – estimates and assumptions

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

4. Alternative Performance Measures ("APMs")

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

Alternative Performance Measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as the Group's earnings before interest, tax, depreciation, amortisation, share of profit/loss from equity accounted investments and exceptional items including the share-based payment charges, the gain on bargain purchase, costs related to Saietta Group plc's admission to the AIM, costs related to the acquisition of e-Traction Europe B.V., legal fees related to Saietta Group plc's investment in its equity-accounted associate, professional fees in respect of share options issued pre-Admission, legal fees in respect of company reorganisations & the write-off of related party receivables.
Gross Proceeds Raised Through Placing	Gross proceeds are the amount that a seller receives from the sale of a shares. These proceeds include all costs and expenses.
Working Capital	Changes in assets and liabilities as presented in the Consolidated Statement of Cash Flows. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

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

Adjusted EBITDA	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Adjusted EBITDA		(4,404,039)	(997,895)
Depreciation and amortization		(509,895)	(166,065)
Finance income		5,523	1
Finance expense		(104,621)	(23,101)
Share-based payment charges	25	(4,406,334)	(5,174,957)
Gain on bargain purchase recognised as part of subsidiary acquisition	29	704,761	-
Costs related to Saietta Group plc's admission to the AIM		(1,219,296)	-
Costs related to the acquisition of e-Traction Europe B.V.		(358,358)	-
Costs related to the co-operation with Padmini VNA		(95,510)	-
IPO-dependent staff expenses		(361,157)	-
M&A support fees		(101,569)	-
One-off legal fees in respect of share option advice pre-IPO		(75,000)	-
One-off legal fees in respect of company reorganisation		(44,176)	-
Net increase in financial liabilities		(78,058)	-
Contractor fees to secure grants		(73,432)	-
One-off enterprise resource planning consultancy fees		(10,925)	-
Write-off of related party receivables		-	(935,146)
Loss before taxation		(11,132,085)	(7,297,163)
Taxation		377,420	304,145
Loss for the year		(10,754,665)	(6,993,018)

Gross proceeds raising through placing

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

Proceeds on issue of shares	£35,241,809
Commission and corporate finance fees	£2,125,000
Other fees	£133,191
Gross proceeds from settled shares	£37,500,000

5. Segment information

The Group operates through three distinct business divisions:

a. Lightweight mobility which focuses on AFT developments particularly low voltage two and three wheelers;

b. Heavy-duty commercial which covers the truck, bus and coach markets; and

c. Marine division, fronted by Propel, which is the Group's marine division selling inboard and outboard motors both via distributors and direct to customers.

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

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

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

Measurement of operating segment profit or loss, assets and liabilities

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

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

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

Year ended 31 March 2022

Revenue	Lightweight £	Heavy-duty £	Marine £	All other segments £	Total £
Revenue from Apollo Future Mobility Group Limited	635,984	-	-	-	635,984
Revenue from Consolidated Metco, Inc.	400,000	-	-	-	400,000
Revenue from Sloepmakerij B.V.	-	-	1,261,008	-	1,261,008
Revenue from other customers	555,266	952,018	-	-	1,507,284
Inter-segmental revenue	(186,407)	(22,066)	-	-	(208,473)
Groups' revenue per consolidated statement of comprehensive income	**1,404,843**	**929,952**	**1,261,008**	**-**	**3,595,803**
Depreciation	300,017	98,766	38,728	-	437,511
Costs associated with Listing	**1,006,323**	**-**	**-**	**-**	**1,006,323**
	1,306,340	**98,766**	**38,728**	**-**	**1,443,834**
Segment loss	(6,243,109)	(993,005)	(296,416)	(446,371)	(7,978,901)
Share based payments					(4,406,334)
Gain on bargain purchase					704,761
Other income					725,545
Finance income					5,523
Finance expense					(104,621)
Net increase in financial liabilities					(78,058)
Group loss before tax and discontinued operations					(11,132,085)

Year ended 31 March 2021

Revenue					
Revenue from Apollo Future Mobility Group Limited	624,110	-	-	-	624,110
Revenue from Consolidated Metco, Inc.	-	-	-	-	-
Revenue from Sloepmakerij B.V.	-	-	-	-	-
Revenue from other customers	246,856	-	-	-	246,856
Inter-segmental revenue	-	-	-	-	-
Groups' revenue per consolidated statement of comprehensive income	**870,966**	**-**	**-**	**-**	**870,966**
Depreciation	(147,089)	-	-		(147,089)
Costs associated with Listing	-	-	-	-	-
	(147,089)	**-**	**-**	**-**	**(147,089)**
Segment loss	(2,869,826)	-	-	-	(2,869,826)
Share based payments					(4,406,334)
Other income					2,097
Finance income					1
Finance expense					(23,101)
Group loss before tax and discontinued operations					(7,297,163)

Year ended 31 March 2022

	Lightweight £	Heavy-duty £	Marine £	All other segments £	Total £
Additions to non-current assets	6,980,426	2,931,847	1,320,308	-	11,232,581
Inventories	297,585	1,943,775	-	-	2,241,360
Reportable segment assets	33,762,388	5,827,677	3,055,995	48,821	42,694,881
Total group assets					**42,694,881**
Reportable segment liabilities	7,303,370	1,507,903	901,228	125,756	9,838,257
Loans and borrowings					-
Liabilities for financial guarantees					41,833
Deferred tax liabilities					-
Total group liabilities					9,880,090

Year ended 31 March 2021

	Lightweight £	Heavy-duty £	Marine £	All other segments £	Total £
Additions to non-current assets	906,167	-	-	-	906,167
Inventories	116,958	-	-	-	116,958
Reportable segment assets	7,634,969	-	-	-	7,634,969
Total group assets					**7,634,969**
Reportable segment liabilities	1,206,380	-	-	-	1,206,380
Loans and borrowings		-	-	-	2,516,111
Liabilities for financial guarantees					-
Deferred tax liabilities					-
Total group liabilities					3,722,491

Non-current assets by geography	Year ended 31 March 2022 £	Year ended 31 March 2021 £
UK	13,162,815	3,993,009
European Union	2,352,632	3,509
Rest of World	-	-
Total	15,515,447	3,996,518

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

6. Revenue analysis

Revenue by category and by geography is as follows:

Revenue by category	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Lightweight division	1,404,843	870,966
Heavy-duty division	929,952	-
Marine division	1,261,008	-
Total	3,595,803	870,966

Revenue by geography	Year ended 31 March 2022 £	Year ended 31 March 2021 £
UK	1,221,049	810,840
European Union	2,161,518	15,000
Rest of World	213,236	45,126
Total	3,595,803	870,966

Under one design contract entered into during the year, £200,000 (2021: £nil) was received in advance of performance and not recognised as revenue during the year. The balance is included within accruals and deferred income.

7. Other Income

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Grant income	725,545	2,097

The Group received development government grants from the Advanced Propulsion Centre against capital expenditure of

£661,122 (2021: £2,097) in the years ended 31 March 2022 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 £330,326 (2021: £39,225) remains due, subject to submitted assessment. This has been treated as a contingent gain at the year ended 31 March 2022.

The remaining £64,423 (2021: £nil) balance included within 'Other income' relates to individually immaterial grants received by subsidiaries during the year.

8. Operating Loss

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Operating loss has been stated after:		
Cost of inventories recognised as expense	1,971,725	68,007
Depreciation of right-of-use assets	270,477	107,381
Depreciation of property, plant and equipment	174,451	39,708
Amortisation of intangible assets	72,384	18,976
Profit on disposal of fixed assets	3,204	(562)
Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Group's accounts	108,750	90,000
Fees payable to the Group's auditor for other services:		
- Other fees	153,176	-
Share-based payment expense	4,406,334	5,174,957
Foreign exchange differences	(52,957)	4,562

The presentation of the Statement of Comprehensive Income has been amended to show the share option expense as part of administrative expenses based on the business's operations.

9. Significant administrative expenses

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Wages and salaries excluding share-based employee expense	4,800,640	781,236
Share-based employee expense	4,406,334	5,040,848
Costs related to Saietta Group plc's admission to the AIM	1,219,296	-
Costs related to the acquisition of e-Traction Europe B.V.	358,358	-
Other individually immaterial expenses	3,326,172	1,199,860
Total	14,110,800	7,021,944

10. Employee Benefit Expenses (Including Directors)

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Wages and salaries	3,768,729	604,553
Social security costs	797,796	153,185
Employer's pension contributions	234,115	23,498
Share-based employee expense	4,406,334	5,040,848
Total	9,206,974	5,822,084

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

	Year ended 31 March 2022 No.	Year ended 31 March 2021 No.
Technical	70	18
Procurement	4	2
Sales and marketing	12	1
Finance and administration	14	4
Total	100	25

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Short term employee benefits	1,297,568	183,584
Unexercised share options awarded in the year	2,768,709	736,377
Total	4,066,277	919,961

Directors	Year ended 31 March 2022 £	Year ended 31 March 2021 £
- Remuneration	623,277	393,600
- Unexercised share options awarded in the year	2,366,492	3,639,703
Total	2,989,769	4,033,303

Highest paid director The highest paid director's emoluments were as follows:	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Directors' emoluments and amounts receivable under long-term incentive schemes	2,223,689	2,171,670
Defined contribution schemes:		
Accrued pension at the end of the year	7,762	-
Total	2,231,451	2,171,670

11. Finance Income & Expense

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Finance Income		
Deposit account interest	5,523	1
Finance Expense		
Interest on lease liabilities	18,609	21,177
Other interest	86,012	1,924
Total	104,621	23,101

12. Taxation

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
UK tax (credit) for the current year	(377,420)	(304,145)
Deferred tax	-	-
Tax credit for the year	(377,420)	(304,145)

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
(Loss) before income tax	(11,132,085)	(7,297,163)
Tax at UK rate of 19%	2,115,096	1,386,461
Reconciling tax charges for:		
Non-deductible expenses	98,898	-
Capital allowances	400,000	55,000
R&D tax credit	71,710	200,000
Gain on bargain purchase	133,905	-
Share based payments	(837,203)	(983,241)
Deferred tax asset not recognised	(1,604,985)	(354,075)
Tax credit for the year	377,420	304,145
Effective tax rate for the year	(3.4%)	(4.2%)

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

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

	Asset 2021 £	Liability 2021 £	Net 2021 £
Accelerated capital allowances	-	(480,475)	480,475
Leases	2,220	-	2,220
Tax losses	478,255	-	478,255
Net tax assets / liabilities[1]	480,475	(480,475)	-

1. This table disclosure was not included in the prior year accounts and did not present the deferred tax asset offset against the deferred tax liability in the 2021 financial year. The deferred tax asset is not recognised, but to the extent the Group has deferred tax liabilities. This disclosure had no impact on the primary financial statements.

The Group has recognised the deferred tax assets to the extent that it can be offset against the deferred tax liability. The deferred tax asset over and above this utilisation has not been recognised as the business is developing its products. When there is clear visibility of the profits, the Group will recognize the net deferred tax assets. Losses carried forward were £31,013,764 in the year ended 31 March 2022 (2021 restated[1]: £4,043,664).

13. 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.

Loss per share	Year ended 31 March 2022 £	Year ended 31 March 2021 £
- Basic	(0.14)	(0.15)

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

Loss For The Year	Year ended 31 March 2022 £	Year ended 31 March 2021 £
- Attributable to equity shareholders (£)	(10,754,665)	(6,993,018)

Number of shares	Year ended 31 March 2022 £	Year ended 31 March 2021 £
- Weighted average number of Ordinary Shares outstanding	74,884,548	45,738,690

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

At 31 March 2022, there were 9,273,161 options outstanding (2021: 10,826,072) as detailed in note 25.

14. Intangible assets

	Patents and licences	Development costs	Software	Total
	£	£	£	£
Cost				
At 1 April 2021	79,168	3,253,554	110,231	3,442,953
Additions	377,181	3,755,989	128,842	4,262,012
Additions acquired through business combination	-	815,231	27,080	842,311
Disposals	-	-	-	-
Currency translation differences	-	(30,903)	344	(30,559)
At 31 March 2022	456,349	7,793,871	266,497	8,516,717
Accumulated amortisation				
At 1 April 2021	24,168	-	54,629	78,797
Amortisation for the year	27,552	11,931	32,901	72,384
Amortisation eliminated on disposal	-	-	-	-
Currency translation differences	-	(31)	61	30
At 31 March 2022	51,720	11,900	87,591	151,211
Net book value				
Net book value at 31 March 2022	404,629	7,781,971	178,906	8,365,506
Net book value at 31 March 2021	55,000	3,253,554	55,602	3,364,156

15. Property, plant and equipment

	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 2021	290,932	113,156	323,838	110,044	-	837,970
Additions	248,892	315,158	388,695	74,424	1,938,441	2,965,610
Additions acquired through business combination	-	250,064	-	255,691	-	505,755
Disposals	-	-	-	(2,400)	-	(2,400)
Currency translation differences	(125)	3,523	(59)	2,121	-	5,460
At 31 March 2022	539,699	681,901	712,474	439,880	1,938,441	4,312,395
Accumulated depreciation						
At 1 April 2021	290,932	70,078	177,574	100,907	-	639,491
Depreciation for the year	8,394	58,711	87,781	19,565	-	174,451
Depreciation eliminated on disposal	-	-	-	(500)	-	(500)
Currency translation differences	-	378	(3)	37	-	412
At 31 March 2022	299,326	129,167	265,352	120,009	-	813,854
Net book value						
Net book value at 31 March 2022	240,373	552,734	447,122	319,871	1,938,441	3,498,541
Net book value at 31 March 2021	-	43,078	146,264	9,137	-	198,479

16. Rights-of-use assets

	Buildings £	Euipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021	530,867	27,021	-	557,888
Additions	2,125,113	-	169,120	2,294,233
Additions acquired through business combination	221,223	-	141,437	362,660
Currency translation differences	(3,292)	-	(1,616)	(4,908)
At 31 March 2022	2,873,911	27,021	308,941	3,209,873
Accumulated amortisation				
At 1 April 2021	105,185	18,820	-	124,005
Depreciation for the year	237,244	2,052	31,181	270,477
Currency translation differences	174	-	168	342
At 31 March 2022	342,603	20,872	31,349	394,824
Net book value				
Net book value at 31 March 2022	2,531,308	6,149	277,592	2,815,049
Net book value at 31 March 2021	425,682	8,201	-	433,883

17. Inventories

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Raw materials	2,438,533	64,463
Finished goods	31,510	52,495
	2,470,043	116,958

18. Financial and non-financial assets

(a) Cash and cash equivalents	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Cash in hand and at bank	18,402,055	2,862,470

(b) Trade and other receivables	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Non-current assets:		
Other receivables	734,526	-
	734,526	-
Current:		
Trade receivables	2,422,019	273,978
Other receivables	1,742,568	-
R&D tax credit	574,368	200,000
VAT recoverable	331,184	41,476
	5,070,139	515,454
	5,804,665	515,454

(c) Prepayments and accrued income	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Non-current assets:		
Prepayments and accrued income	101,825	-
	101,825	-
Current:		
Prepayments and accrued income	1,237,197	143,569
	1,237,197	143,569
	1,339,022	143,569

None of the Group's cash equivalents or other financial assets, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2022 (2021, 2020: no indications) that defaults in payment obligations will occur. However, as required under IFRS 9, the Company has assessed other financial assets for expected credit losses.

See note 27 for further detail.

19. Financial liabilities

Trade and other payables	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Current:		
Trade payables	1,672,548	302,643
Social security and other taxes	1,684,705	54,589
Pension due	15,807	8,625
Accruals and deferred income	1,157,142	219,431
Other payables	2,289,319	-
Borrowings	-	176,111
	6,819,521	761,399

Included within 'Other payables' is an amount of £1,706,498 (2021: £nil) in respect of deferred consideration for the acquisition of Saietta Europe B.V. (formerly e-Traction Europe B.V.). For more details, see note 29.

Lease liabilities	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Lease liabilities	470,069	114,555
	470,069	114,555

20. Non-current financial liabilities

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Lease liabilities		2,380,537	330,426
Borrowings		-	2,340,000
Provisions	22	168,130	-
Liabilities for financial guarantees	23	41,833	-
		2,590,500	2,670,426

Included within lease liabilities are the following amounts:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Due within one year	470,069	114,555
Due in more than one but not more than two years	656,840	110,142
Due in more than two but not more than five years	968,423	220,284
Due after five years	755,274	-
	2,850,606	444,981

Movement in net borrowings	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Borrowings at 1 April	2,516,111	231,945
Loan notes converted into equity	(2,340,000)	-
Convertible loan notes issued	-	2,340,000
Repayments in the year	(176,111)	(55,834)
Borrowings at 31 March	-	2,516,111

In March 2021 the Group issued 2,340 convertible loan notes to Amati Global Investors Limited with a nominal value of £2,340,000. The loan notes had a term until 2026 and a coupon rate of 8%. Upon admission to the AIM market on 7th July 2021, the convertible loan notes issued by the Company were automatically converted into 3,000,0000 new Ordinary shares (the "Conversion Shares") of £0.0011 each at a conversion price of £0.78 per share, pursuant to the terms of the convertible loan notes. See note 25 for more detail.

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. The entire balance owed to Mr. L. Marazzi was repaid during the year.

21. Leases

In the capacity as lessee

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

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

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

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Interest expense	18,609	21,177
Principal payments	263,263	73,533
	281,872	94,710

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

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

At 31 March 2022 the carrying amounts of lease liabilities are reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the company would not exercise its right to exercise any right to break the lease.

The aggregate undiscounted commitments for short-term leases not recognised in the balance sheet at year end is £nil (2021: £nil).

22. Provisions

	Warranty provisions £	Onerous contracts provisions £	Total £
Provisions at 1 April 2021	-	-	-
Amounts provided in the year	42,407	121,406	163,813
Amounts acquired through acquisition of subsidiary (Note 29)	-	405,294	405,294
Amounts utilised in the year	(4,241)	(396,736)	(400,977)
Provisions at 31 March 2022	38,166	129,964	168,130

Warranty provisions

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

The Group considered the impact of the COVID-19 pandemic on its product warranty offerings and associated provisions, and determined that its existing methodology remained applicable for the year ended 31 March 2022.

Onerous contracts provisions

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

Estimates and assumptions

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

23. Liabilities for financial guarantees

	Year ended 31 March 2022 £
Balance at 31 March 2021 & 31 March 2020	-
Additions to financial liabilities during the year	78,058
Payments against financial liabilities	(36,225)
Balance at 31 March 2022	41,833

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

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

24. Share capital and share premium

Allotted, issued and fully paid:

Number	Type:	Nominal value:	Year ended 31 March 2022 £	Year ended 31 March 2021 £
85,051,953	Ordinary Shares	£0.0011	93,557	-
519,205,742	Ordinary Shares	£0.0001	-	51,921

	Number of shares	Share capital £	Share premium £	Total £
Balance at 1 April 2020	43,579,955	4,358	10,641,597	10,645,955
Issue of shares	475,625,787	47,563	1,387,226	1,434,789
Cancellation of share premium	-	-	(12,028,823)	(12,028,823)
Balance at 31 March 2021	519,205,742	51,921	-	51,921
Consolidation of shares	(472,005,220)	-	-	-
Issue of shares	29,320,940	32,245	35,145,382	35,177,627
AIM listing costs offset against share premium	-	-	(2,868,972)	(2,868,972)
Shares issued on exercise of employee share options	5,530,491	6,091	58,165	64,256
Shares issued on conversion of convertible loan notes	3,000,000	3,300	2,336,700	2,340,000
Balance at 31 March 2022	85,051,953	93,557	34,671,275	34,764,832

The cancellation of share premium was approved by shareholder resolution on 25 March 2021.

In March 2021 the Group issued 2,340 convertible loan notes to Amati Global Investors Limited with a nominal value of £2,340,000. The loan notes had a term until 2026 and a coupon rate of 8%. Upon admission to the AIM market on 7 July 2021, the convertible loan notes issued by the Company were automatically converted into 3,000,0000 new Ordinary shares (the "Conversion Shares") of

£0.0011 each at a conversion price of £0.78 per share, pursuant to the terms of the convertible loan notes. The nominal value of the Conversion Shares was credited to share capital, with the proceeds raised in excess of this being credited to share premium. The shares will rank pari passu with the existing Ordinary shares which were admitted to trading on AIM.

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

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

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

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

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

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

25. Share-based payments

	Share option reserve £
Balance at 1 April 2020 (Unaudited)	1,599,328
Share based payments	5,719,492
Balance at 31 March 2021 (Unaudited)	7,318,820
Share based payments	4,899,171
Balance at 31 March 2022 (Audited)	12,217,991

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 2022		For the year ended 31 March 2021	
	Number #	Weighted average exercise price £	Number #	Weighted average exercise price £
Outstanding at beginning of year	10,826,072	0.010	1,592,670	0.01
Granted	8,577,394		9,233,402	-
Lapsed	(616,370)		-	-
Vested	(12,553,823)		-	-
Outstanding at end of year	6,233,273	0.012	10,826,072	0.012

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Exercise price at grant date	£0.01	£0.012
Expected life (in years)	3	1
Risk-free interest rate	0.58%	0.55%
Expected volatility	87.05%	86.03%
Weighted average share price	92.56 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 2022 £	Year ended 31 March 2021 £
Cost of options vesting in the year	4,899,171	5,719,462

In the year ended 31 March 2022 an amount of £161,951 (2021: £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. A further amount of £330,886 (2021: £nil) was debited in respect of share issue costs offset against share premium.

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

26. Reserves

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

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

27. Financial instruments

Risk Management objectives

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

The Group is exposed to the following financial risks:

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

i) Principal financial instruments

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

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

ii) Financial instruments by category

Financial Assets	Amortised cost 2022 £	Amortised cost 2021 £
Cash and cash equivalents	18,402,055	2,862,470
Trade and other receivables	4,899,113	273,978
Total financial assets	23,301,168	3,136,448

Financial Liabilities	Amortised cost		Fair value through profit and loss	
	2022 £	2021 £	2022 £	2021 £
Trade and other payables	3,961,867	302,643	-	-
Lease liabilities	2,850,606	444,981	-	-
Loans and borrowings	-	2,516,111	-	-
Liabilities for financial guarantees	-	-	41,833	-
Total financial liabilities	6,812,473	3,263,735	41,833	-

iii) Financial instruments not measured at fair value

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

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

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

iv) Financial instruments measured at fair value

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

Financial liabilities	Level 1		Level 2		Level 3	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Liabilities for financial guarantees	-	-	-	-	41,833	-

There were no transfers between levels during the year.

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

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

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

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

	Liabilities for financial guarantees £
At 1 April 2020	-
Purchases, disposals and reclassifications	-
At 31 March 2021	-

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

General objectives, policies and processes

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

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

Liquidity risk

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

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

The following tables show the contractual maturities of financial liabilities:

As at 31 March 2022	Total £	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
Trade and other payables	3,961,867	3,961,867	-	-
Accrued liabilities	1,157,142	1,157,142	-	-
Loans and borrowings	-	-	-	-
Liabilities for financial guarantees	41,833	-	41,833	-
	5,160,842	5,119,009	41,833	-

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	219,431	395,542	-	-
Loans and borrowings	2,516,111	176,111	2,340,000	-
Liabilities for financial guarantees	-	-	-	-
	3,038,185	874,296	2,340,000	-

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 2022 the company has net trade receivables of £2,622,019 (2021: £273,978).

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

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

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

None past due	1% of carrying value (2021: 0.0%)
30 days past due	8.6% of carrying value (2021: 0.5%)
30-60 days past due	9.6% of carrying value (2021: 1.0%)
60-90 days past due	100% of carrying value (2021: 5.0%)
>90 days past due	100% of carrying value (2021: 10.0%)

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

The maximum exposure to credit risk is as follows:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Cash on deposit	18,402,055	2,862,470
Trade receivables	2,422,019	273,978
Other receivables	2,477,094	385,045
	23,301,168	3,521,493

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Current	2,219,626	214,516
More than 30 days past due	145,652	-
More than 60 days past due	28,700	-
More than 120 days past due	28,041	59,462
	2,422,019	273,978

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

Interest rate risk

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

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

All borrowing is approved by the Board of Directors.

Foreign currency risk

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

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

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

The following table sets forth information relating to foreign currency exposure as at 31 March 2022:

	Year ended 31 March 2022 Euros	Year ended 31 March 2021 Euros
Financial assets	2,270,011	-
Financial liabilities	(1,450,128)	-
Net exposure asset	819,883	-

28. Subsidiaries

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

Investment	Country of incorporation	Registered office	Principal activity	Shareholding 2022	Shareholding 2021	Interest
Saietta Motorcycles Limited	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Dormant	100%	100%	Direct
Saietta Racing Limited	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire, OX25 5HE	Dormant	100%	100%	Direct
Propel B.V. (formerly Saietta Europe B.V.)	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	100%	Indirect
Saietta Holding B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Traction Holdings B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta RetroMotion B.V. (formerly Saietta Refit B.V.)	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Europe B.V. (formerly e-Traction Europe B.V.)	Netherlands	Watermanstraat 40, 7324AH Apeldoorn, Netherlands	Trading	100%	N/A	Indirect

29. Business combinations

On 11 November 2021, Saietta Traction Holdings B.V., a company incorporated in the Netherlands and in which Saietta Group Plc has a controlling shareholding, acquired 100% of the Ordinary share capital of Saietta Europe B.V. (formerly e-Traction Europe B.V) ("acquired company"), a company incorporated in the Netherlands, for consideration of €2,000,000.

The purpose of this acquisition was to accelerate Saietta's growth strategy by adding new commercial and technical capabilities and an established power electronics production facility.

On the 8 December 2021, the acquired company was renamed Saietta Europe B.V.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows (note that fair value was not used as the measurement basis for assets and liabilities that require a different basis, which includes leases, contingent liabilities, income taxes and defined benefit pension plans):

	Book value £	Adjustment £	Fair value £
Intangible fixed assets	2,184,143	(1,341,832)	842,311
Right-of-use assets	362,660	-	362,660
Property, plant and equipment	505,755	-	505,755
Inventories and work-in-progress	1,777,264	(93,871)	1,683,393
Accounts receivable	21,285	-	21,285
Taxes and social security charges	93,615	-	93,615
Other receivables	638,350	-	638,350
Cash and cash equivalents	279,252	-	279,252
Provisions	(42,662)	-	(42,662)
Lease liabilities	(362,661)	-	(362,661)
Long-term debt	-	-	-
Trade creditors	(366,762)	-	(366,762)
Taxes and social security charges	(112,537)	-	(112,537)
Other liabilities	(725,446)	-	(725,446)
Provision for onerous contracts	(405,294)	-	(405,294)
	3,846,962	(1,435,703)	2,411,259

A gain on bargain purchase of £704,761 (2021: £nil) was recognised in respect of the excess of the fair value of the acquired company's net assets over the fair value of consideration transferred.

This gain on bargain purchase was recognised immediately as a gain in the Statement of Consolidated Income.

Fair value of consideration paid	£
Cash	1
Contigent cash consideration	1,706,498
Total consideration	1,706,498
Gain on bargain purchase recognised	704,761

Acquisition costs of £358,358 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The consideration settled in cash is contingent on:

a. the seller not being subject to any insolvency proceedings at any time prior to 1 May 2023 or other date as agreed in writing between both parties; and

b. favourable legal opinions issued by first class reputable legal counsels, based in Hong Kong and China, in respect of legal matters pertaining to the acquisition.

The fair value of the contingent consideration has deemed to be equivalent to the total contingent cash consideration.

The favourable legal opinions referenced in point (b) above were both received in June 2022.

The main factors leading to the recognition of a gain on bargain purchase are:

- The acquisition price being substantially lower than the carrying value of the entity's net assets.
- The presence of certain intangible assets in respect of previously unrecognised which had a fair value in excess of their carrying value.

The gain on bargain purchased recognised will not be considerable taxable for tax purposes.

Since the acquisition date, Saietta Europe B.V. has contributed £952,018 to the Group's revenues and £883,550 to the Group's losses, excluding the gain on bargain purchase recognised. If the acquisition had occurred on 1 April 2022, group revenue would have been £2,643,785 and group loss for the period would have been £4,941,128.

Fair value adjustment to intangible fixed assets

The fair value adjustment to intangibles at acquisition was determined by assessing each individual intangible asset separately. The best estimate of each intangibles' fair value was calculated to be equivalent to the time and costs of resources required them.

Fair value adjustment to inventories

Management assessed the fair value of inventories was assessed to be equal to their cost. Based on management's prior experience of the markets within which the entity operates, it was estimated that inventory, which was held at a cost £1,952,937, could be sold to existing and new customers. The remainder was assessed as being obsolete and having a net realisable value of £nil.

30. Related party transactions

During the year, the company repaid an amount totalling £176,111 (2021: £40,833) to Mr. L Marazzi, a shareholder of the company, reducing the outstanding balance that was included within creditors due within one year at the year end to £nil (20201: £176,111).

During the year, the company paid £131,193 (2021: £nil) in respect of commission payable to Verto AGO BV, a company in which W Kist is a director and is considered to have significant influence over. The amount payable to Verto AGO BV at the end of the year was £64,012 (2021: £nil).

31. Subsequent events

On 4 April 2022, Saietta Group plc was assigned the lease of a manufacturing facility in Sunderland, UK. The lease term commences on 4 April 2022 and terminates 27 September 2040. In addition, the Company paid consideration of £1,100,000 for plant & equipment housed within this facility.

In June 2022 Saietta Group plc was notified of its successful application for a £2 million grant from the UK Government's Automotive Transformation Fund under the Scale up Readiness Validation (SuRV) to support Saietta's investment in commercial vehicle e-axle pilot production and preparation for scale-up at the Sunderland facility.

32. Capital commitments

At 31 March 2022, the Group has capital commitments as follows:

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Contracted for but not provided in these financial statements	1,100,000	-

COMPANY BALANCE SHEET OF SAIETTA GROUP PLC

As at 31 March 2022

ASSETS	Notes	Audited 2022 £	Unaudited 2021 £
Non-current assets			
Intangible fixed assets	35	5,570,787	3,364,156
Tangible fixed assets	36	5,055,186	632,362
Investments in subsidiaries	37	1 73	88
Trade and other receivables	39	734,526	-
Prepayments and accrued income	39	101,825	-
Amounts due from group companies	39	1,700,491	-
Total non-current assets		13,162,988	3,996,606
Current assets			
Inventories	38	297,585	116,958
Trade and other receivables	39	3,232,513	515,454
Prepayments and accrued income	39	886,675	143,569
Amounts due from group companies	39	5,473,694	190,696
Cash and cash equivalents	39	17,883,118	2,857,513
Total current assets		27,773,585	3,824,190
TOTAL ASSETS		40,936,573	7,820,796
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	40	5,014,255	761,399
Borrowings	40	-	176,111
Lease liabilities	42	259,630	114,555
Total current liabilities		5,273,885	1,052,065
Non-current liabilities			
Borrowings	40	-	2,340,000
Lease liabilities	42	2,029,485	330,426
Liabilities for financial guarantees	23	41,833	-
Total non-current liabilities		2,071,318	2,670,426
EQUITY			
Share capital	24	93,557	51,921
Share premium	24	34,671,275	-
Share options reserve	25	12,217,991	7,318,468
Profit and loss account		(13,391,453)	(3,272,084)
Total equity		33,591,370	4,098,305
TOTAL EQUITY AND LIABILITIES		40,936,573	7,820,796

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the Company for the year was £10.0 million (2021: loss of £6.8 million).

The notes on pages 86 to 110 are an integral part of these financial statements.

These parent company financial statements were approved by the Saietta Group plc Board and authorised for issue on 3 August 2022.

They were signed on its behalf by:

Steven Harrison
Chief Financial Officer
Saietta Group plc
3 August 2022
Company registered number: 06744840

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital £	Share premium £	Share options reserve £	Profit and loss account £	Total £
Balance at 1 April 2020 (Unaudited)	4,358	10,641,597	1,599,358	(8,482,053)	3,763,260
Comprehensive loss for the period					
Loss for the year	-	-	-	(6,818,854)	(6,818,854)
Total comprehensive loss				(6,818,854)	(6,818,854)
Contributions by owners					
Issue of shares	47,563	1,387,226	-	-	1,434,789
Share-based payments	-	-	5,719,110	-	5,719,110
Cancellation of share premium	-	(12,028,823)	-	12,028,823	-
Balance at 31 March 2021 (Unaudited)	51,921	-	7,318,468	(3,272,084)	4,098,305
Balance at 1 April 2021	51,921	-	7,318,468	(3,272,084)	4,098,305
Comprehensive loss for the year					
Loss for the year	-	-	-	(10,191,852)	(10,191,852)
Total comprehensive loss	-	-	-	(10,191,852)	(10,191,852)
Contributions by owners					
Issue of shares	32,245	35,145,382	-	-	35,177,627
Share issue costs offset against share premium	-	(2,868,972)	-	-	(2,868,972)
Share-based payments	-	-	4,899,523	-	4,899,523
Share issues on exercise of employee share options	6,091	58,165	-	-	64,256
Settlement of the convertible loan notes	-	-	-	72,483	72,483
Shares issued on conversion of convertible loan notes	3,300	2,336,700	-	-	2,340,000
Balance at 31 March 2022 (Audited)	93,557	34,671,275	12,217,991	(13,391,453)	33,591,370

Share capital

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

Share premium account

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

Accumulated losses

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

The notes on pages 92 to 121 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2022

33. Accounting policies

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

Basis of preparation

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

Disclosure exemptions adopted

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

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
  - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
  - reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- A Statement of Cash Flows and related disclosures for cash flows from discontinued activities.
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead).
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements.
- Disclosures in relation to the objectives, policies and process for managing capital.
- Disclosure of the effect of future accounting standards not yet adopted.
- The remuneration of key management personnel.
- Related party transactions with two or more wholly owned members of the group.
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.
- The amount of lease income recognised on operating leases as lessor.
- The maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 41.

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

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

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the financial position of the Company, its cash flows and its liquidity position . The Company's financial risk management objectives and exposures to liquidity and other financial risks and uncertainties are set out on pages 16 to 19. The Company had net assets of £33,591,370 (2021: £2,857,513) as at 31 March 2022 and available liquidity of £18,402,055 comprised of cash and cash equivalents which is a net increase of £15,025,605 compared to the liquidity position of £2,857,513 as at 31 March 2021 which has been achieved through Admission to the AIM which raised gross proceeds of £37.5m and the Company's operational trading activities.

The Company has modelled scenarios for periods up to four years from the March 2022 year end and stress tested its financial position in such scenarios. These stress tests modelled the variability in financial performance and free cash flows when incorporating certain hypothetical events such as a reduction in forecast revenue to include only revenue committed to date, modifications to capital expenditure and variations in gross margins achieved.

The Company operates in markets that are rapidly growing and has strategic plans that respond to such growth. In delivering those plans, the Company is mindful of the ultimate benefits from maintaining control over the deployment of its intellectual property in applications with major OEM's. In order to do so, it recognises that at times it will potentially need to co-invest with certain major OEM's to enhance the future value it can achieve from application of its products directly into OEM customer sales. The Company has prepared forecasts for future scenarios both incorporating such funding needs and excluding such.

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

The Company has assessed the projected cash flows of the Company for the twelve-month period from the date of authorisation of the financial statements and beyond it later years and has carried out a stress test to determine the under-performance level that would ultimately result in insolvency.

The Company has assessed the projected cash flows of the Company for the twelve-month period from the date of authorisation of the financial statements and beyond into later years and has carried out a stress test to determine the under-performance level that would ultimately result in insolvency.

The model takes into account the Company's expectations of external factors including continued supply chain challenges related to semiconductor shortages and prevailing macroeconomic conditions including inflationary pressures. The stress test scenario models the impact of sustained reduction in forecast revenue over the twelve month period and the impact of contractually obliged outflows of cash in respect of capital expenditure.

Whilst acknowledging the direct relationship of commercial decisions with OEM's over needs for future funds beyond the coming twelve months, the Board have concluded, on the basis of all scenarios and of current and forecast trading and related expected cashflows and available sources of finance, that it will be able to continue as a Going Concern for at least twelve months from the date of signing these financial statements and therefore it remains appropriate to prepare the Company's results on the basis of a going concern.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 34.

New standards, interpretations and amendments effective from 1 January 2021

There were two amendments to existing standards which have been adopted by the Company during the year ended 31 March 2022.

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the company in respect of certain loans (note 40) whose contractual terms are affected by interest benchmark reform.

Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Company's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

As at 31 March 2022, the company expects the affected bank loans to transition to alternative interest rate benchmarks by the end of 2022.

Revenue recognition

Performance obligations and timing of revenue recognition

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

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

Determining the transaction price

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

Allocating amounts to performance obligations

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

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

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

Costs of fulfilling contracts

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

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

Practical expedients

The company has taken advantage of the practical expedients:

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

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

Grant income

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

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

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

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

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

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

Externally acquired intangible assets

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

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

Intellectual Property Patents	10% straight line
Software	25% reducing balance

Internally generated intangible assets (development costs)

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

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

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

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

Tangible fixed assets

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

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

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

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

Investments in subsidiaries

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

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the weighted average cost of inventories. Under weighted average cost formula, the cost of each item of inventory is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The weighted average may be calculated on a periodic basis or at each shipment received. Work-in-progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Fair value through profit or loss

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

Amortised Cost

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

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

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

From time to time, the company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

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

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss. The company's accounting policy for each category is as follows:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

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

Share capital

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

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

Leases

Identifying Leases

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

a. There is an identified asset;

b. The company obtains substantially all the economic benefits from use of the asset; and

c. The company has the right to direct use of the asset.

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

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

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

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

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

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

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

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

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

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.
- during the current and prior year the company has received rent concessions on a number of the leased properties. As discussed in note 42, the Company has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that meet the following criteria:
    - the change in lease payments results in revised consideration for the lease that substantially the same as, or less than, the consideration for the lease immediately preceding the change;
    - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
    - there is no significant change to other terms and conditions of the lease.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Foreign currency

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

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

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

Share-based payments

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

The fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding entry in retained earnings. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

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

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised on temporary differences where the carrying amount of an asset or liability differs from its tax base, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax; and
- where timing differences relate to interests in subsidiaries and the Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

34. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and key areas of estimation uncertainty

Useful lives of property, plant and equipment

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

Short leasehold	Remaining lease term
Plant and machinery	Eight years to a residual value
Fixtures and fittings	Eight years to a residual value
Motor vehicles	Four years

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

Accounting for business combinations and fair value – estimates and assumptions

Business combinations are accounted for at fair value. The assessment of fair value is subjective and depends on a number of assumptions. These assumptions include assessment of discount rates, and the amount and timing of expected future cash flows from assets and liabilities. In addition, the selection of specific valuation methods for individual assets and liabilities requires judgment. The specific valuation methods applied will be driven by the nature of the asset or liability being assessed. The consideration given to a seller for the purchase of a business or a company is accounted for at its fair value. When the consideration given includes elements that are not cash, such as shares or options to acquire shares, the fair value of the consideration given is calculated by reference to the specific nature of the consideration given to the seller.

Please refer to Note 37 for further detail.

Useful lives of intangible assets

The carrying values of these assets are tested for impairment when there is an indication that the value of the assets might not be realisable or impaired either at an individual cash generating unit level or for the Company as a whole.

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

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

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 33. Management judgement is required as to the extent that each of the criteria is met and to the point where development is complete.

Research and Development credits

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

Expected credit losses and asset impairment

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

Please refer to Note 41 for further detail.

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 42) and the corresponding right-of-use assets (note 46).

To determine the incremental borrowing rate the Company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

The Company used incremental borrowing rates specific to each lease which ranged between 4.1% and 4.5%. A 5% increase in the rate would cause the lease liability to reduce by £413,014 with a corresponding movement in the 'cost' of the right-of-use asset which would reduce the associated amortisation.

Share Options – estimates and assumptions

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

35. Intangible Assets

Cost	Patents and licences £	Development costs £	Software £	Total £
At 1 April 2021 (Unaudited)	79,168	3,253,554	110,231	3,442,953
Additions	377,181	1,765,554	117,605	2,260,340
Disposals	-	-	-	-
At 31 March 2022 (Audited)	456,349	5,019,108	227,836	5,703,293
Accumulated amortisation				
At 1 April 2021(Unaudited)	24,168	-	54,629	78,797
Amortisation for the year	27,552	-	26,157	53,709
Amortisation eliminated on disposal	-	-	-	-
At 31 March 2022 (Audited)	51,720	-	80,786	132,506
Net book value				
Net book value at 31 March 2022 (Audited)	404,629	5,019,108	147,050	5,570,787
Net book value at 31 March 2021 (Unaudited)	55,000	3,253,554	55,602	3,364,156

36. Tangible fixed assets

	Short leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Right-of-use assets £	Total £
Cost							
At 1 April 2021 (Unaudited)	290,932	113,156	323,838	110,044	-	557,888	1,395,858
Additions	201,096	172,888	365,968	40,200	1,938,441	2,001,493	4,720,086
Disposals	-	-	-	(2,400)	-	-	(2,400)
At 31 March 2022 (Audited)	492,028	286,044	689,806	147,844	1,938,441	2,559,381	6,113,544
Accumulated depreciation							
At 1 April 2021 (Unaudited)	290,932	70,078	177,574	100,907	-	124,005	763,496
Depreciation for the year	8,394	16,652	86,593	6,549	-	177,174	295,362
Depreciation eliminated on disposal	-	-	-	(500)	-	-	(500)
At 31 March 2022 (Audited)	299,326	86,730	264,167	106,956	-	301,179	1,058,358
Net book value							
Net book value at 31 March 2022 (Audited)	192,702	199,314	425,639	40,888	1,938,441	2,258,202	5,055,186
Net book value at 31 March 2021 (Unaudited)	-	43,078	146,264	9,137	-	433,883	632,362

Right-of-use assets

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

	Buildings £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021 (Unaudited)	530,867	27,021	-	557,888
Additions	1,832,373	-	169,120	2,001,493
At 31 March 2022 (Audited)	2,363,240	27,021	169,120	2,559,381
Accumulated amortisation				
At 1 April 2021 (Unaudited)	105,185	18,820	-	124,005
Amortisation for the year	162,648	2,052	12,474	177,174
At 31 March 2022 (Audited)	267,833	20,872	12,474	301,179
Net book value				
Net book value at 31 March 2022 (Audited)	2,095,407	6,149	156,646	2,258,202
Net book value at 31 March 2021 (Unaudited)	425,682	8,201	-	433,883

37. Investment in subsidiary undertakings

Investments in Group undertakings are stated at cost.

Cost	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
At 1 April	88	88
Additions	85	-
At 31 March	173	88

The Company's subsidiary undertakings at the year-end are as follows:

Investment	Country of incorporation	Registered office	Principal activity	Shareholding 2022	Shareholding 2021	Interest
Saietta Motorcycles Limited	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire,	Dormant	100%	100%	Direct
Saietta Racing Limited	England and Wales	Building 210 Heyford Park, Camp Road, Upper Heyford, Oxfordshire,	Dormant	100%	100%	Direct
Propel B.V. (formerly Saietta Europe B.V.)	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	100%	Indirect
Saietta Holding B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Traction Holdings B.V.	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta RetroMotion B.V. (formerly Saietta Refit B.V.)	Netherlands	Moleneind 23-A, 1241NG Kortenhoef, Netherlands	Trading	100%	N/A	Indirect
Saietta Europe B.V. (formerly e-Traction Europe B.V.)	Netherlands	Watermanstraat 40, 7324AH Apeldoorn, Netherlands	Trading	100%	N/A	Indirect

On 10 November 2021 the Company acquired 100% of the ordinary share capital of e-Traction Europe B.V, immediately thereafter it was renamed Saietta Europe B.V.

38. Inventories

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Raw materials and work in progress	297,585	116,958

Finished goods include an amount of £31,510 (2021: £52,495) carried at fair value less costs to sell.

39. Financial and non-financial assets

(a) Cash and cash equivalents

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Cash in hand and at bank	17,883,118	2,857,513

(b) Trade and other receivables

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Non-current:		
Other debtors	734,526	-
	734,526	-
Current:		
Trade debtors	670,945	273,978
Other debtors	1,742,568	-
R&D tax credit	574,368	200,000
VAT recoverable	244,632	41,476
	3,232,513	515,454
	3,967,039	515,454

(c) Prepayments and accrued income

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Non-current:		
Prepayments and accrued income	101,825	-
	101,825	-
Current:		
Prepayments and accrued income	886,675	143,569
	886,675	143,569
	988,500	143,569

(d) Amounts due from subsidiaries

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Non-current:		
Amounts due from subsidiaries	1,700,491	-
	1,700,491	-
Current:		
Amounts due from subsidiaries	5,473,694	190,696
	5,473,694	190,696
	7,174,185	190,696

Included within non-current amounts due from subsidiaries is a balance of £1,700,491 (2021: £nil) due in respect of a loan extended to subsidiary, Saietta Traction Holdings B.V. on 8 November 2021. The loan is unsecured and repayable on demand after 5 years from the date on which the loan was extended. Interest on the loan accrues at a rate of 0.5% per annum.

Remaining amounts due from subsidiaries are repayable on demand and are unsecured.

40. Financial liabilities

Trade and other payables

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Current:		
Trade creditors	867,043	302,643
Social security and other taxes	1,489,057	54,589
Pension due	20,224	8,625
Accruals and deferred income	348,612	395,542
Other creditors	2,289,319	-
	5,014,255	761,399

Included within 'Other creditors' is an amount of £1,706,498 (2021: £nil) in respect of deferred consideration for the acquisition of Saietta Europe B.V. (formerly e-Traction Europe B.V.). For more details, see note 29.

Lease liabilities

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Current:		
Lease liabilities	259,630	114,555
	259,630	114,555
Non-current:		
Lease liabiliites	2,029,485	330,426
	2,029,485	330,426
	2,289,115	444,981

Liabilities for financial guarantees

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Current:		
Liabilities for financial guarantees	41,833	-

Included within lease liabilities are the following amounts:

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Due within one year	259,630	114,555
Due in more than one but not more than two years	366,593	330,426
Due in more than two but not more than five years	907,618	-
Due after five years	755,274	-
	2,289,115	444,981

Liabilities for financial guarantees

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Borrowings at 1 April	2,516,111	231,945
Loan notes converted into equity	(2,340,000)	-
Convertible loan notes issued	-	2,340,000
Repayments in the year	(176,111)	(55,834)
Borrowings at 31 March	-	2,516,111

In March 2021 the Company issued 2,340 convertible loan notes to Amati Global Investors Limited with a nominal value of £2,340,000. The loan notes had a term until 2026 and a coupon rate of 8%. Upon admission to the AIM market on 7th July 2021, the convertible loan notes issued by the Company were automatically converted into 3,000,0000 new Ordinary shares (the "Conversion Shares") of £0.0011 each at a conversion price of £0.78 per share, pursuant to the terms of the convertible loan notes.

See note 44 for more detail.

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. The entire balance owed to Mr. L. Marazzi was repaid during the year.

41. Financial instruments

Risk Management objectives

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

The Company is exposed to the following financial risks:

a. Credit risk

b. Liquidity risk

c. Interest rate risk

i) Principal financial instruments

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

a. Trade and other receivables

b. Cash and cash equivalents

c. Trade and other payables

d. Fixed rate hire purchase agreement (classified within lease liabilities)

e. Investments in unquoted equity securities

ii) Financial instruments by category

	Amortised cost	
Financial assets	Audited 2022 £	Unaudited 2021 £
Cash and cash equivalents	17,883,118	2,857,513
Trade and other receivables	3,148,039	273,978
Amounts due from subsidiaries	7,174,185	190,696
Total financial assets	28,205,342	3,322,187

	Amortised cost		Fair value through profit and loss	
Financial liabilities	Audited 2022 £	Unaudited 2021 £	Audited 2022 £	Unaudited 2021 £
Trade and other payables	3,156,362	302,643	-	-
Lease liabilities	2,289,115	444,981	-	-
Loans and borrowings	-	2,340,000	-	-
Liabilities for financial guarantees	-	-	41,833	-
Total financial liabilities	5,445,477	3,087,624	41,833	-

iii) Financial instruments not measured at fair value

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

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

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

iv) Financial instruments measured at fair value

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

Financial liabilities	Level 1		Level 2		Level 3	
	Audited 2022 £	Unaudited 2021 $	Audited 2022 £	Unaudited 2021 $	Audited 2022 £	Unaudited 2021 $
Liabilities for financial guarantees	-	-	-	-	41,833	-

There were no transfers between levels during the year.

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

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

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

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

	Liabilities for financial guarantees £
At 1 April 2020	-
Purchases, disposals and reclassifications	-
At 31 March 2021 (Unaudited)	-
At 1 April 2021	-
Purchases, disposals and reclassifications	41,833
At 31 March 2022 (Audited)	41,833

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's internal auditors also review the risk management policies and processes and report their findings to the Audit & Risk Committee.

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

Liquidity risk

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

The following tables show the contractual maturities of financial liabilities:

As at 31 March 2022 (Audited)	Total £	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
Trade and other payables	3,156,362	3,156,362	-	-
Accrued liabilities	348,612	348,612	-	-
Loans and borrowings	-	-	-	-
Liabilities for financial guarantees	41,833	-	41,833	-
	3,546,807	3,504,974	41,833	-

As at 31 March 2021 (Unaudited)	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	-
Liabilities for financial guarantees	-	-	-	-
	3,214,296	874,296	2,340,000	-

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

Market risk

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument or customer contract fails to meet its obligations. The Company is mainly exposed to credit risk from credit sales. At 31 March 2022 the company has net trade receivables of £870,945 (2021: £273,978).

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

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

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

None past due	1% of carrying value (2021: 0.0%)
30 days past due	8.6% of carrying value (2021: 0.5%)
30-60 days past due	9.6% of carrying value (2021: 1.0%)
60-90 days past due	100% of carrying value (2021: 5.0%)
>90 days past due	100% of carrying value (2021: 10.0%)

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

The maximum exposure to loss arising from trade accounts receivable is equal to their total carrying value.

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

The maximum exposure to credit risk is as follows:

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Cash on deposit	17,883,118	2,862,470
Trade receivables	670,945	273,978
Other receivables	2,477,094	-
Amounts owed by subsidiaries	7,174,185	190,696
	28,205,342	3,327,144

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

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Current	518,690	214,516
More than 30 days past due	110,600	-
More than 60 days past due	13,614	-
More than 120 days past due	28,041	59,462
	670,945	273,978

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

The Company has made unsecured loans to its subsidiary companies. Although the loans are repayable on demand, they are unlikely to be repaid until the projects become successful and the subsidiaries start to generate revenues. The method of assessment of the expected credit loss arising on intercompany loans is detailed in note 33 of the Company financial statements.

The maximum exposure to loss arising from amounts owed by subsidiaries is equal to their total carrying value. No loss allowance has been recognised in the financial statements on the basis that amounts due from subsidiaries are fully recoverable.

Capital risk management

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

All working capital requirements are financed from existing cash.

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

Interest rate risk

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

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

All borrowing is approved by the Board of Directors.

Foreign currency risk

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

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

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

The following table sets forth information relating to foreign currency exposure as at 31 March 2022:

	Audited Year ended 31 March 2022 Euros	Unaudited Year ended 31 March 2021 Euros
Financial assets	1,700,491	-
Financial liabilities	(85)	-
Net exposure asset	1,700,406	-

42. Leases

In the capacity as lessee

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

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

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

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

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Interest expense	18,609	21,177
Principal payments	187,522	73,533
	206,131	94,710

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

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

At 31 March 2022 the carrying amounts of lease liabilities are reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease.

The aggregate undiscounted commitments for short-term leases not recognised in the balance sheet at year end is £nil (2021: £nil).

43. Reserves

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

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share options reserve	Used to record the assessed fair value of equity-settled options issued as share based payment for services received by the consolidated entity.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Accumulated losses All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

44. Share capital

Share capital and share premium

Allotted, issued and fully paid:			Audited Year ended 31March 2022 £	Unaudited Year ended 31 March 2021 £
Number:	Type:	Nominal value:		
85,051,953	Ordinary Shares	£0.0011	93,557	-
519,205,742	Ordinary Shares	£0.0001	-	51,921

	Number of shares	Share capital £	Share premium £	Total £
Balance at 1 April 2020 (Unaudited)	43,579,955	4,358	10,641,597	10,645,955
Issue of shares	475,625,787	47,563	1,387,226	1,434,789
Cancellation of share premium	-	-	(12,028,823)	(12,028,823)
Balance at 31 March 2021 (Unaudited)	519,205,742	51,921	-	51,921
Consolidation of shares	(472,005,220)	-	-	-
Issue of shares	29,320,940	32,245	35,145,382	35,177,627
AIM listing costs offset against share premium	-	-	(2,868,972)	(2,868,972)
Shares issued on exercise of employee share options	5,530,491	6,091	58,165	64,256
Shares issued on conversion of convertible loan notes	3,000,000	3,300	2,336,700	2,340,000
Balance at 31 March 2022 (Audited)	85,051,953	93,557	34,671,275	34,764,832

The cancellation of share premium was approved by shareholder resolution on 25 March 2021.

In March 2021 the Company issued 2,340 convertible loan notes to Amati Global Investors Limited with a nominal value of £2,340,000. The loan notes had a term until 2026 and a coupon rate of 8%. Upon admission to the AIM market on 7 July 2021, the convertible loan notes issued by the Company were automatically converted into 3,000,0000 new Ordinary shares (the "Conversion Shares") of £0.0011 each at a conversion price of £0.78 per share, pursuant to the terms of the convertible loan notes. The nominal value of the Conversion Shares was credited to share capital, with the proceeds raised in excess of this being credited to share premium. The shares will rank pari passu with the existing Ordinary shares which were admitted to trading on AIM.

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

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

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

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

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

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

45. Share-based payments

	Share option reserve £
Balance at 1 April 2020 (Unaudited)	1,599,328
Share based payments	5,719,492
Balance at 31 March 2021 (Unaudited)	7,318,820
Share based payments	4,899,171
Balance at 31 March 2022 (Audited)	12,217,991

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:

	Audited For the year ended 31 March 2022		Unaudited For the year ended 31 March 2021	
	Number #	Weighted average exercise price £	Number #	Weighted average exercise price £
Outstanding at beginning of year	10,826,072	0.010	1,592,670	0.01
Granted	8,577,394		9,233,402	-
Lapsed	(616,370)		-	-
Vested	12,553,823		-	-
Outstanding at end of year	6,233,273	0.012	10,826,072	0.012

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

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Exercise price at grant date	£0.01	£0.012
Expected life (in years)	3	1
Risk-free interest rate	0.58%	0.55%
Expected volatility	87.05%	86.03%
Weighted average share price	92.56 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.

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Cost of options vesting in the year	4,899,171	5,719,462

In the year ended 31 March 2022 an amount of £161,951 (2021: £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. A further amount of £330,886 (2021: £nil) was debited in respect of share issue costs offset against share premium.

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

46. Related party transactions

During the year the Company recharged the following costs to its subsidiaries:

	Audited Year ended 31 March 2022 £	Unaudited Year ended 31 March 2021 £
Propel B.V.	10,765	-
Saietta Europe B.V.	6,082	-
	16,847	-

Amounts owed by the Company's subsidiaries are disclosed in note 39.

The Directors consider that no one party controls the Company.

47. Capital commitments

The Company had commitments for future capital expenditure not provided for in the accounts of £1,100,000 (2021: £nil).

48. Events after the reporting date

On 4 April 2022, Saietta Group plc was assigned the lease of a manufacturing facility in Sunderland, UK. The lease term commences on 4 April 2022 and terminates 27 September 2040. In addition, the Company paid consideration of £1,100,000 for plant & equipment housed within this facility.

In June 2022, Saietta Group plc was notified of its successful application for a £2 million grant from the UK Government's Automotive Transformation Fund under the Scale up Readiness Validation (SuRV) to support Saietta's investment in commercial vehicle e-axle pilot production and preparation for scale-up at the Sunderland facility.

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