

AURIGO

# AIM admission document

September 2022



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.**

This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies ("AIM Rules"), has been issued in connection with the proposed admission of the issued and to be issued Ordinary Shares to trading on AIM, a market operated by the London Stock Exchange plc ("AIM"). This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the Financial Conduct Authority (the "FCA") in accordance with the Prospectus Regulation Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the EEA Prospectus Regulation.

The Company and the Directors (whose names appear on page 12 of this document) accept responsibility individually and collectively for the information contained in this document including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company and the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Application will be made for the entire issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is emphasised that no application will be made for admission of the Ordinary Shares to the Official List of the FCA. The Ordinary Shares are not traded on any recognised investment exchange and no application has been or is intended to be made for the Ordinary Shares to be admitted to trading on any such market. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 15 September 2022. The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

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

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# Aurigo International plc

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 05546181)*

**Placing of 16,666,667 New Ordinary Shares at 48 pence per Ordinary Share**

**and**

**Admission to trading on AIM**

***Nominated Adviser***

**Singer Capital Markets Advisory LLP**

***Broker***

**Singer Capital Markets Securities Limited**



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**The attention of investors is drawn to the risk factors set out in Part 2 of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part 2 of this document.**

Singer Capital Markets Advisory LLP ("**SCM Advisory**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as nominated adviser in connection with Admission and Singer Capital Markets Securities Limited ("**SCM Securities**") which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as broker (SCM Advisory and SCM Securities collectively referred to as "**Singer Capital Markets**" where appropriate) in connection with the Placing. Singer Capital Markets is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Singer Capital Markets, or for advising any other person in connection with the Placing or Admission. The responsibility of SCM Advisory, as the Company's nominated adviser, is owed solely to the London Stock Exchange and is not owed to the Company or the Directors or any other person. No representation or warranty, express or implied, is made by

Singer Capital Markets or any of its directors, officers, partners, employees, agents or advisers as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Singer Capital Markets or any of its directors, officers, partners, employees, agents or advisers for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended ("**US Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, New Zealand or the Republic of South Africa or any person located in the United States. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to which it is unlawful to make such offer or solicitation in such jurisdiction. Without limiting the generality of the foregoing, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States, or who is otherwise a "U.S. Person" as defined in Regulation S under the US Securities Act. There will be no public offer of Ordinary Shares in the United States. Outside of the United States, the Ordinary Shares are being offered in reliance on Regulation S promulgated under the US Securities Act. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States or any of its territories or possessions unless in accordance with applicable law.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office and at the offices of Singer Capital Markets at One, Bartholomew Lane, London, EC2N 2AX from the date of this document and for a period of at least one month from Admission. A copy of this document is also available on the Company's website, [www.aurigo.com](http://www.aurigo.com).

## IMPORTANT INFORMATION

Investors should take independent advice and should carefully consider the section of this document headed “Risk Factors” before making any decision to purchase Ordinary Shares.

Investment in the Ordinary Shares will involve significant risks and should be viewed as a long-term investment. The Ordinary Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Without prejudice to the Company’s obligations under the AIM Rules for Companies, neither the delivery of this Document nor any offer or acquisition of Ordinary Shares made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Document or that the information contained herein is correct as at any time subsequent to its date. Prospective investors in the Company must not treat the contents of this Document or any subsequent communications from the Company, Singer Capital Markets or any of their respective affiliates, officers, directors, employees, advisers or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters. As required by the AIM Rules for Companies, the Company will update the information provided in this Document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this Document contains any mistake or substantial inaccuracy. This Document, and any supplement thereto, will be made public in accordance with the AIM Rules for Companies. This Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Singer Capital Markets or any of their respective representatives, that any recipient of this Document should subscribe for or purchase any of the Ordinary Shares. Any decision to purchase Ordinary Shares should be based solely on this Document and the prospective investor’s own (or such prospective investor’s FSMA-authorised or other appropriate advisers’) examination of the Company. Investors who subscribe for or purchase Ordinary Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Singer Capital Markets or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Document for their investment decision; (ii) they have relied only on the information contained in this Document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this Document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Singer Capital Markets.

SCM Advisory has been appointed as nominated adviser to the Company and SCM Securities has been appointed broker to the Company in conjunction with the placing. In accordance with the AIM Rules, SCM Advisory has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with.

No liability whatsoever is accepted by Singer Capital Markets for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

### No Prospectus

This Admission Document is not a prospectus for the purposes of the EEA Prospectus Regulation or the UK Prospectus Regulation. This Admission Document has been prepared on the basis that all offers of the Placing Shares will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to produce a prospectus. Accordingly, any person making or intending to make any offer within the United Kingdom or the EEA of Placing Shares which is the subject of the offering contemplated in this Admission Document should only do so in circumstances in which no obligation arises for the Company or Singer Capital Markets to produce a prospectus for such offer. Neither the Company nor Singer Capital Markets has authorised, nor will any of them authorise, the making of any offer of the Placing Shares through

any financial intermediary, other than offers made by Singer Capital Markets which constitute the final placing of the Placing Shares contemplated in this Admission Document.

### **Notice to prospective investors in the United Kingdom**

This document does not constitute an offer to the public in the United Kingdom. For these purposes, the expression **“an offer to the public”** in relation to any offer of Ordinary Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares and the expression the **“UK Prospectus Regulation”** means Regulation (EU) 2017/1129 (as amended), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This document is being distributed in the United Kingdom to, and is directed only at, (i) persons in the United Kingdom having professional experience in matters relating to investments i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **“FPO”**); (ii) high net worth entities in the United Kingdom falling within Article 49 of the FPO; and (iii) persons in the United Kingdom to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators (each a **“relevant person”**). The investment or investment activity to which this document relates is available only to relevant persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other person and in any event, under no circumstances should persons who are not relevant persons rely on or act upon the contents of this document.

### **Notice to prospective investors in the EEA**

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

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

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EEA Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EEA Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a **“qualified investor”** within the meaning of Article 2(e) of the EEA Prospectus Regulation.

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

For the purposes of this provision, the expression **“an offer to the public”** in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for those Ordinary Shares, and the expression **“EEA Prospectus Regulation”** means Regulation (EU) 2017/1129.

### Notice to US investors

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”), or any US state securities laws. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act) unless the Ordinary Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The Company has not registered and will not register under the United States Investment Company Act of 1940, as amended (the “**1940 Act**”).

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold outside the United States to non-US Persons pursuant to the requirements of Regulation S under the US Securities Act (“**Regulation S**”). The Ordinary Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth in Part 8 of this document entitled “Terms and Conditions of the Placing”.

### Notice to Overseas Shareholders

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan. The Ordinary Shares have not been and will not be registered under the Securities Act nor under the applicable securities laws of any State thereof, or any province or territory of Canada, Australia, the Republic of South Africa, New Zealand or Japan nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into or from the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan or to any resident of the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan. The distribution of this document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

### Notice to Distributors

Solely for the purposes of the product governance requirements contained within Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (the “**Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in COBS 3.5 and 3.6 of the FCA’s Conduct of Business Sourcebook, respectively; and (ii) eligible for distribution through all distribution channels as are permitted by the Product Governance Requirements (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Singer Capital Markets will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the FCA’s



Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

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

### **Data protection**

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Group (and any third party to whom it may delegate certain administrative functions in relation to the Group) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom and the Group's privacy notice, a copy of which is available for consultation at the Group's website at [www.aurigo.com](http://www.aurigo.com) ("**Privacy Notice**"). Such information will be held and processed by the Group (or any third party, functionary or agent appointed by the Group) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Group and the administering of interests in the Group; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required).

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Group (or any third party, functionary or agent appointed by the Group) will:

- disclose personal data to third party service providers, agents or functionaries appointed by the Group to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Group (or any third party, functionary or agent appointed by a member of the Group) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **Forward-Looking Statements**

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words may, would, could, will, intend, plan, anticipate, believe, seek, propose, estimate, expect, and similar expressions, as they relate to the Group, are intended to identify forward-looking statements. These statements are primarily contained in Part 1 of this document and include, but are not limited to, statements regarding intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Group operates.

Such statements reflect the Group's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Group's actual results, performance or achievements to materially differ from those described in this document. Should one or more of these risks or uncertainties materialise, or should assumptions underlying forward-looking statements prove incorrect, actual results may differ materially from those described in this document as intended, planned, anticipated, believed, proposed, estimated or expected.

The forward-looking statements in this document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Certain risks to the Group are specifically described in Part 2 of this document headed “Risk Factors”. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove to be incorrect, the Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements. These forward-looking statements are stated as at the date of this document. Neither the Directors nor the Group undertake any obligation to update forward looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority whether as a result of new information, future events or otherwise.

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

### **No Incorporation Of Website Information**

The contents of the Group’s website ([www.aurrigo.com](http://www.aurrigo.com)) or any hyperlinks accessible from the Group’s website do not form part of this document and investors should not rely on them.

### **European Union Legislation**

If and when a European Union instrument is incorporated into the law of the United Kingdom, a reference to that European Union instrument in this document shall, except where the context requires otherwise, mean the European Union instrument as so incorporated and any enactment, statutory provision or subordinate legislation that from time to time (with or without modifications) re-enacts, replaces or consolidates it for the purposes of the law of the United Kingdom.

### **Governing Law**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to change therein.

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

### **Presentation of financial information**

The consolidated historical financial information of the Group for the three years ended 31 December 2021, which is set out in Part 4 of this Document, and the unaudited interim financial information of the Group for the six month period to 30 June 2022, which is set out in Part 5 of this Document, have been prepared in accordance with IFRS.

Certain non-financial measures such as EBITDA (earnings before interest, tax, depreciation and amortisation) and Adjusted EBITDA (EBITDA adjusted for loss on disposal of intangible assets and exceptional costs / income) have been included in the financial information contained in this Document as the Directors believe that these present important alternative measures with which to assess the Group’s performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or other measures of performance under IFRS. In addition, the Company’s calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

### **Rounding**

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



### **Currency Presentation**

All references in this document to “**Sterling**”, “**Pounds Sterling**”, “**£**” and “**pence**” are to the lawful currency of the UK, all references in this document to “**Euros**” and “**€**” are to the lawful currency of the participating member states of the Eurozone, all reference in this document to “**Dollars**” and “**US\$**” and “**\$**” are to the lawful currency of the United States, all reference in this document to “**Australian Dollars**” and “**AUS\$**” are to the lawful currency of Australia, all reference in this document to “**Canadian Dollars**” and “**CA\$**” are to the lawful currency of Canada and all reference in this document to “**Singaporean Dollars**” and “**S\$**” are to the lawful currency of Singapore.

### **Glossary**

Terms specific to autonomous transport technology are defined in the ‘Glossary’ set out on page 167 of this document.

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## **PLACING STATISTICS<sup>1</sup>**

Placing Price	48 pence
Number of Placing Shares	16,666,667
Number of Ordinary Shares in issue on Admission	41,666,667
Gross proceeds of the Placing	£8.0 million
Market capitalisation of the Company at the Placing Price immediately following Admission	£20.0 million
Gross proceeds of the Placing as percentage of market capitalisation on Admission	40.0 per cent.
Estimated net proceeds of the Placing	£6.5 million

## **DEALING CODES**

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB00BNG73286
SEDOL	BNG7328
Ticker	AURR
LEI	213800FPH71B7UWC7104

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2022**

Publication of this document	12 September
Admission and dealings expected to commence in the Ordinary Shares on AIM	8.00 a.m. on 15 September
CREST accounts credited with Placing Shares issued pursuant to the Placing	15 September
Despatch of definitive certificates in respect of the Placing Shares (where applicable) expected by no later than	28 September

*The dates and times specified are subject to change at the discretion of the Company and Singer Capital Markets without further notice. All references to times in this document are to GMT time unless otherwise stated.*

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors:</b>	Andrew John Cornish ( <i>Non-Executive Chairperson</i> ) David Martin Keene ( <i>Chief Executive Officer</i> ) Ian Michael Grubb ( <i>Chief Financial Officer</i> ) Graham Stuart Keene ( <i>Corporate Development Officer</i> ) Penelope (Penny) Ann Coates ( <i>Non-Executive Director</i> ) Joseph (Joe) Warden Elliott ( <i>Non-Executive Director</i> ) Lewis Ian Girdwood ( <i>Non-Executive Director</i> )
<b>Company Secretary:</b>	Almond & Co Peter House Oxford Street Manchester M1 5AN
<b>Registered Office:</b>	Unit 33 Bilton Industrial Estate Humber Avenue Coventry CV3 1JL
<b>Website Address:</b>	<a href="http://www.aurrigo.com">www.aurrigo.com</a>
<b>Nominated Adviser and Broker following Admission:</b>	Singer Capital Markets Advisory LLP One Bartholomew Lane London EC2N 2AX
<b>Broker for the Placing:</b>	Singer Capital Markets Securities Limited One Bartholomew Lane London EC2N 2AX
<b>English legal adviser to the Company:</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Canadian legal adviser to the Company:</b>	Perley-Robertson, Hill & McDougall LLP 1400-340 Albert St Ottawa Ontario K1R 0A5
<b>Australian legal adviser to the Company:</b>	Piper Alderman 16/70 Franklin St Adelaide SA 5000 Australia
<b>Singaporean legal adviser to the Company:</b>	JurisAsia LLC 9 Raffles Place Republic Plaza 1, Level 5, Room 586 Singapore 048619
<b>Legal adviser to the Nominated Adviser:</b>	DLA Piper UK LLP Two Chamberlain Square Paradise Birmingham B3 3AX

<b>Reporting Accountants:</b>	BDO LLP Two Snowhill Birmingham B4 6GA
<b>Auditors up to Admission:</b>	Azets Audit Services Limited Churchill House 59 Lichfield Street Walsall WS4 2BX
<b>Auditors following Admission:</b>	BDO LLP Two Snowhill Birmingham B4 6GA
<b>Registrar:</b>	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE
<b>Financial relations advisers:</b>	Instinctif Partners Limited 65 Gresham Street London EC2V 7NQ



## **PART 1**

### **INFORMATION ON THE GROUP**

#### **1. Introduction**

The Directors believe that Aurigo is a leading international provider of transport technology solutions. The Group designs, engineers, manufactures and supplies OEM products and autonomous vehicles to the automotive, aviation and transport industries. It is highly regarded as a specialist in autonomous and semi-autonomous technology solutions for the aviation, ground handling and cargo industries.

The Board believes that Admission is an important step in the Group's continuing development and will accelerate its commercial progression. In particular, the Placing and Admission will provide the Group with capital to execute the Board's growth plans for the Group. The capital will further enhance its profile with its existing and prospective customers and assist with the recruitment, retention and incentivisation of existing and future employees.

The Group is seeking to raise £8.0 million (before expenses) through the issue of the Placing Shares at the Placing Price. Further details of the Placing and the Group's intended use of proceeds are set out in paragraphs 11 and 21 of this Part 1.

#### **2. Key Strengths**

The Directors believe that the success of the Group and their expectations for continued growth are founded on the following key strengths:

##### ***Industry leading, innovative solutions***

The Group has a long established automotive technology division with expertise built up over 29 years that supplies to Tier 1 manufacturers and leading OEMs. This underpins efficient design capabilities and an ability to optimise the use of commonly available automotive parts and techniques across all of the Group's activities. It also helps the Group to make progress from outline design to the production of fully functional prototype vehicles.

The Group has created award winning, industry leading autonomous vehicles by investing heavily in its proprietary products and software which can help transport operators evolve their operational ecosystem. The Group has developed and owns all intellectual property relating to its autonomous vehicle technology – its intellectual property portfolio is valued at an estimated £16 million which covers registered patents, a 234 entry register of know-how and eleven trademarks.

The Group has made, and expects to continue to make, significant investments in research and development of its products and software to ensure that it maintains its leading position in autonomous vehicles within the aviation industry, in turn enhancing its revenue generating opportunities.

##### ***End-to-end solution for industry specific problems***

The COVID-19 pandemic has had a significant impact on the travel industry. As travel restrictions were lifted and passenger numbers have shown signs of recovery, the aviation industry in particular has struggled with severe labour shortages which have been exacerbated by the reliance on manual and inefficient processes. The Group has developed six autonomous vehicles to date, which can be utilised to reduce costs, resolve operational issues and tackle labour shortages, whilst also improving sustainability. The prototype Auto-Dolly and Auto-DollyTug can enhance end user experience by effectively reducing delays and minimising safety and security risks.

The Directors believe that there are limited alternatives to the comprehensive, end-to-end solutions delivered by the Group. The Group provides operational solutions, which are further complemented by its Auto-Sim visualisation software, which enables airport planners to map out their operations to highlight potential efficiency gains prior to implementation of the Group's Products and has the potential to provide asset management capabilities for all vehicles on-airport.

The Directors believe that the proposition of an end-to-end solution which comprises the planning software, a suite of autonomous vehicles and a fleet management system is a significant competitive advantage for the Group.

#### ***Global opportunity with long term structural growth drivers***

The global transport industry is continuously seeking to improve processes, tackle workforce shortages as well as address the increasing pressure from policymakers and regulators to reduce the environmental impact of its operations.

The Directors believe that these trends will increase the demand for smart and sustainable solutions, which will offer significant future growth opportunities. By utilising Aurigo solutions, an airport will, in the opinion of the Directors, benefit from faster turnarounds for airlines than currently. This in turn, the Directors believe, will provide selling efficiencies as they believe that airlines will look to replicate it elsewhere.

#### ***Strong relationships with leading customers and innovators***

Over the last 29 years, the Group has been supplying leading Tier 1 suppliers and vehicle manufacturers (OEMs) which include Aston Martin Lagonda, Bentley, Jaguar Land Rover, McLaren and Rolls Royce. The Group's expertise and consistent delivery of high quality products has built long-term customer relationships and continues to provide the Group with opportunities to expand its existing customer base.

As the Group has developed its autonomous vehicles specifically for the aviation industry, it has had engagement with Changi Airport (Singapore), Gerald Ford International Airport (USA) and International Airlines Group.

Significant progress is being made with Changi Airport Group, as detailed below under the paragraph headed Customers, and the Directors anticipate that Changi Airport Group will provide a reference point for future potential customers to see Aurigo products in the live environment.

The Group is also involved in strategic initiatives with prestigious brands such as Amazon Web Services, Thales and Vodafone as well as participating in knowledge partnerships with academic institutions (such as the University of Warwick and Aston University) to further develop and validate its proposition.

The Group's ability to attract high calibre customers and partners, in addition to the recent progress within its pipeline underpin the Board's confidence in the growth potential of the Group.

#### ***Management team and Board expertise***

The Group's established senior leadership team have extensive experience across automotive engineering and manufacturing, as well as the robotic and autonomous industries. Alongside the technical capability is a proven ability to grow the Group, successfully developing new products and entering new geographies. The involvement of the new board which includes, Penny Coates, Andrew Cornish, Joseph Elliott and Lewis Girdwood, further enhances the profile and credibility of the Group's business and services, given their respective extensive experience of working within the automotive and aviation industries.

Further information on the Board and Senior Management is set out in paragraph 13 of Part 1.

### **3. Business Overview**

#### ***Business Overview***

The Group has three divisions, being Automotive Technology, Autonomous Technology and Aviation Technology. For the purposes of financial reporting the Group combine Autonomous Technology and Aviation Technology into one operating segment.

#### ***Automotive Technology***

The Automotive Technology division which was established in 1993 develops and supplies a range of innovative design engineering support, product solutions, manufactured products and services to premium vehicle OEMs and global Tier 1 manufacturers. Products are designed, developed and manufactured in-house, and the Group operates against complex international supply chains and scheduled deliveries.

The Automotive Technology division develops a range of components and systems including electronic control units, wiring harness systems, interior and exterior parts, high level customer delight features and safety critical systems. The division is IATF 16949 (the highest automotive standard) and ISO 14001 accredited. The division has the capability of supporting customers with a complete vehicle engineering service.

The division benefits from long standing relationships with customers, including the likes of Jaguar Land Rover, Aston Martin Lagonda, Morgan Motors, Bentley, McLaren and others. Similarly, products are embedded into multi-year supply and manufacturing contracts together with long lead time schedules, providing strong revenue visibility.

Alongside its own designed products, the division also provides a total logistics service which procures and packages product on behalf of Aston Martin Lagonda.

#### *Autonomous Technology*

The Autonomous Technology division was established in 2016 to develop autonomous capabilities, supported by the Group's strong and extensive experience in the Automotive Technology division for vehicle engineering. The division develops and manufactures autonomous vehicles and supporting systems from the "ground up".

The products which have been developed to date are as follows:

##### **(a) Auto-Pod**

Auto-Pod was the first autonomous vehicle developed by the Group and is a four-seat product designed for non-road going passenger transportation, for example to and from airports, city centres, sporting venues, university campuses and age care communities. It is capable of operating on a fully autonomous basis, albeit current UK and most international safety standards require a safety supervisor to be on-board whilst it is in autonomous mode of operation.



The development of the Auto-Pod vehicle began in 2016, supported by an Innovate UK grant fund of approximately £2.7 million, which reimbursed the Group 60 per cent. of total costs incurred by the project. The Auto-Pod was the first vehicle which demonstrated the Group's capabilities in respect of autonomous vehicles.



The Group's vehicles have undertaken successful demonstration deployments such as the Consumer Electronics Show in Las Vegas at the beginning of 2019, where three Auto-Pods were in operation for the public.

(b) **Auto-Shuttle**

The development of the Auto-Shuttle began in 2018 and is a ten-seat passenger vehicle with the ability to operate fully autonomously, or be driven manually as a conventional EV shuttle. It is the first road-legal vehicle to be manufactured by the Group.



The development of the Auto-Shuttle was supported by over £2 million in grant funding from Innovate UK. Three Auto-Shuttles were initially deployed in Cambridge at one of the University's large campus sites, where they proved that public transport with low running costs could be provided in fringe and under-served areas. Subsequently in June 2020, an Auto-Shuttle was sold to Solihull Borough Council to enable them to evaluate the impact of autonomous passenger services at locations in the borough. To date, the shuttle has been deployed at the NEC and at Birmingham airport where it successfully took passengers from arrivals to the short stay carpark and then back to the departures terminal.

As part the development of the Auto-Shuttle, the Group worked closely with Vodafone and Amazon Web Services (AWS) to develop its autonomous capabilities, Vodafone Business Distributed Edge Computing (localised data storage) is combined with AWS Wavelength and allows for ultra-low latency and the assured high bandwidth speeds that are needed to connect through to autonomous vehicles across Vodafone's 4G (and now 5G) networks. The system is designed to ensure that vehicles always have a guaranteed level of connectivity and near-zero data packet loss in order to deliver the required reliability. Cyber secure communications are critical and the system ensures this by concealing encrypted data from public networks and keeping data closest to where it is produced. Significant advances have continued to be made in Edge Computing and 5G that have further enhanced the development and performance of the Group's vehicles.

(c) **Auto-Deliver**

Auto-Deliver has been designed and developed as a one-off prototype, first and last mile, home shopping/logistics vehicle. The Auto-Deliver could possibly be used in non-road environments, such as university campuses and age care communities. It can carry the same payload of forty standard containers and four chilled containers that are currently used by the fleets of home delivery vehicles operated by the leading UK supermarket chains.



The Auto-Deliver has been developed using solely the Group's internal resources and is based on the tried and tested Auto-Pod platform.

***Whilst the Auto-Pod, Auto-Shuttle and Auto-Deliver concepts are clearly exciting market opportunities, the Group intends to focus on what the Directors consider to be the more immediate, and much larger, market opportunity which the aviation sector presents.***

(d) **Auto-Connect**

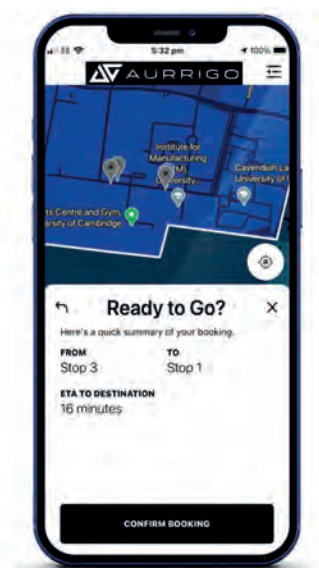
Auto-Connect is a purpose built, cyber resilient, vehicle manager platform which has been developed by the Group and is designed to monitor, supervise and ultimately capture revenues from the movements of all types of the Group's autonomous vehicles.

The Auto-Connect platform is sub-divided into two access gateways.

Firstly, there is a smart phone app by which users of the passenger vehicles are able to view, book and pay for their trips, and airport staff would use to see Auto-Dolly movements and job requests as well as operational data. Further details of Auto-Dolly are described below.

Secondly, there is a web portal which is not available to the public, where operators are able to perform the fleet management tasks for the vehicles, i.e. controlling the job requests and interfacing to other systems such as airport ticketing and bag tracking.

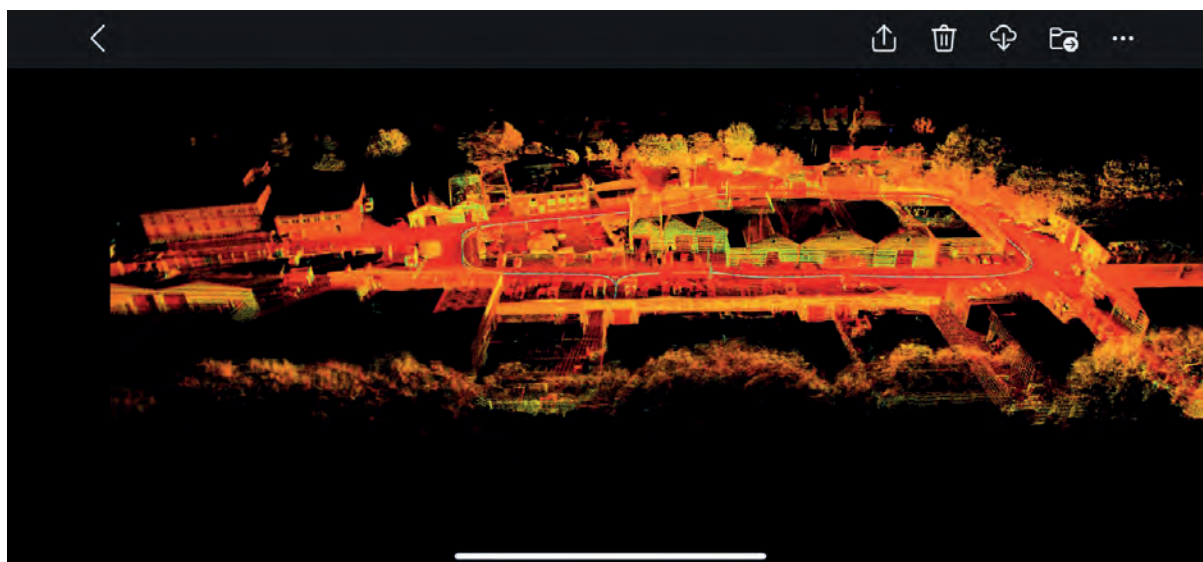
The Auto-Connect platform is required for all customers who want to run the Group's autonomous vehicles and therefore becomes an integral part of any other larger system that may already exist in those customers' operations.



(e) **Auto-Stack**

Auto-Stack is the Group's Autonomous Driving Software (ADS) and has been developed solely in-house. Auto-Stack is a set of software modules which control the core vehicle driving functions such as steering, braking, drive power, multiple sensor integration, safety, location mapping, localisation to the map and then route and navigation guidance. The platform manages all off board data to and from the vehicle.

Auto-Stack is a significant and valuable piece of the Group's intellectual property portfolio.



*Aviation Technology*

The Aviation Technology division was established in 2019 to exploit the potential opportunity for the introduction of automated airport vehicles and the supporting services both in consulting and operations. The Group initially developed a proof of concept baggage movement vehicle, which was trialled at Heathrow Terminal 5 in 2019 and subsequently won the 'Innovator Award' from Heathrow's Clean Vehicles Partnership Awards that year.

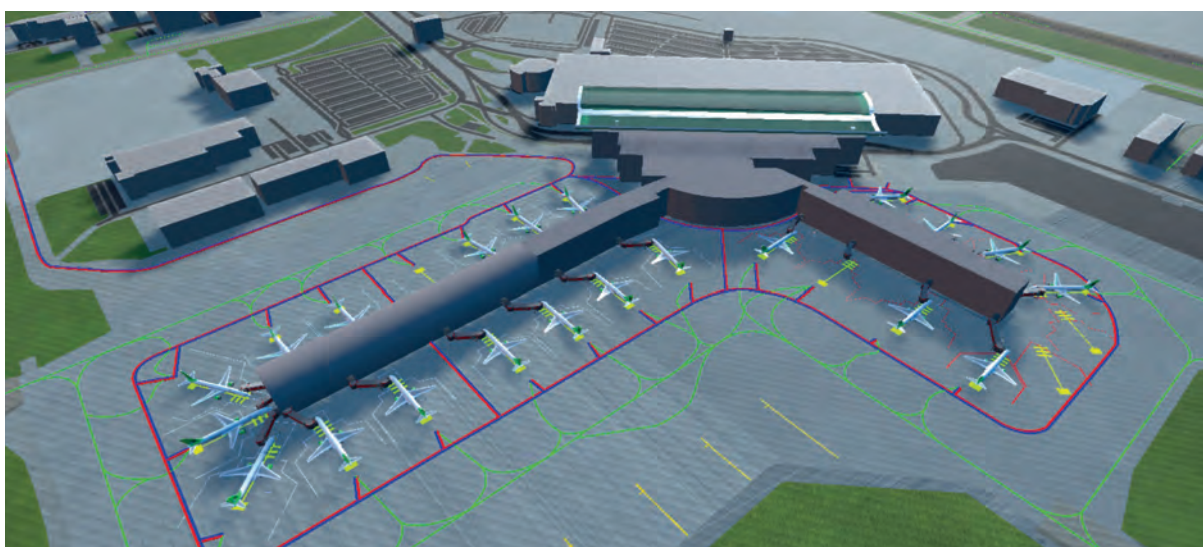


From this initial work, the Group quickly realised that it needed a simulation tool to model scenarios and help visualise operations as a first step in the process for a customer to understand the automated vehicle implementation journey. In addition to a simulation solution it was clear that several other vehicle solutions were needed to cover the various operations of an airport.

The Aviation Technology division has since developed and is currently trialling a number of EV products as follows:

(a) **Auto-Sim**

Auto-Sim is a proprietary, sophisticated cloud-based tool which, amongst other uses, can be used by airports, airlines and ground handling companies to model the business case for the deployment of the Group's vehicles, including the Auto-Dolly, Auto-DollyTug, Auto-Cargo and Auto-Patrol. It can also be used for the simulation of all other currently manually driven airside vehicles and operations. The Auto-Sim is driven by the airports proposed flight schedules and then optimises all vehicle movements required to perform flight servicing, both prior to and after the arrival of passenger and cargo aircraft.



Auto-Sim is a design, development and modelling tool that can be used to create a 3D digital twin of an airport, to visualise existing operations and plan for a future using the Group's aviation autonomous solutions. It can also be used by airport planners on a day-to-day basis to model changes or cope with disruptions to existing operations, such as flight delays, damaged equipment, road closures or other airside issues.

(b) **Auto-Dolly**

Auto-Dolly is an innovative baggage transportation solution for airports, utilising LIDAR and multiple sensor technology. Auto-Dolly has been specifically designed to reduce baggage and cargo loading and unloading times, improve movement efficiencies, improve health and safety, significantly reduce the manpower required for operation and the operational costs.



The rechargeable, battery powered Auto-Dolly, is designed to replace the fleets of diesel and electric tug vehicles, all of which are manned, and deployed in considerable numbers at commercial airports globally.

Auto-Dolly has been designed such that it can be manufactured using existing automotive and aviation parts that are both proven and commonly available across international markets. This is intended to ensure that the Auto-Dolly could be manufactured by partners in overseas locations, close to the end user market, whilst also avoiding any potential global supply chain issues more commonly associated with bespoke designed components and limited source supply chains. Utilising lightweight materials the Auto-Dolly is more energy efficient, whilst also benefitting from longer run times between charges.

Auto-Dolly, which can carry a single ULD (unit load device), can either be operated individually or used in platooned fleets. The operation of an autonomous fleet is expected to allow airport operators to improve operational efficiencies, environmental and, health and safety performance. With increased passenger numbers expected over the coming years, airports need to be able to sustainably scale their operations and utilise advanced systems to ensure the fastest, most efficient aircraft turnarounds. The Directors believe that reliance on low cost labour and decades old equipment is not a tenable solution longer term.

In November 2020, the ABACAS grant was awarded by Innovate UK and Eureka, to support the development and implementation of the Auto-Dolly into a proof of concept program at Changi Airport, Singapore. The Group continues to work with Changi Airport to develop the Auto-Dolly so that its capability and performance will eventually reach that required for a minimum viable product, at which point their intention would be to rollout into live operations. Further details on the work at Changi Airport are set out below in the paragraph headed Customers.

Auto-Dolly's technological capabilities are continually being refined. The recent introduction of a new battery power pack, more suited to the needs of an autonomous vehicle, now provides up to 120 miles of operation on a single charge. Other innovations/developments include:

- an upgrade, facilitating the ability to 'crab' sideways when docking and parallel parking regardless of congestions levels;
- an improved Autonomous Control System that has been custom-designed for Auto-Dolly;

- weather-hardened sensors; and
- software to locate an Auto-Dolly in its environment either indoors or outdoors based on a pre-programmed mapped area of an airport stored in the Auto-Dolly's on-board memory.

This provides the necessary awareness to adapt to changing surroundings, obstacles or potential problems.

Auto-Dolly can only be operated through the Group's Auto-Connect platform. Auto-Connect interacts with Auto-Stack, the Group's technology software stack responsible for core autonomous driving functions.

(c) **Auto-Patrol**

Auto-Patrol is an off-road prototype product that has been designed to enable autonomous unmanned remote, security and surveillance. As the vehicle does not require a driver or an operator to be physically on-board, not only will it decrease overall operational costs but through the use of automated technology, improve the accuracy of security risk detections.



The Auto-Patrol core structure and platform is similar to that of an Auto-Pod, however it has been bolstered with security focussed technology, including ultra-high quality cameras, beacons and an integrated tethered drone.

The Auto-Patrol is still early in its lifecycle and will undergo further research and development prior to commercial sale. The vehicle has undergone demonstration, the most recent of which was in conjunction with a Department for Culture Media and Sport (DCMS) grant funded project at Milton Keynes Dons' stadium, enabling real world application experience to be gained using the very latest 5G communications technology.

The Directors anticipate that potential customers will initially come from airports looking to improve their perimeter security fence inspections releasing highly trained staff to focus on other roles within the airport which are currently in short supply.

(d) **Auto-DollyTug**

Auto-DollyTug is an exciting concept being developed by the Group. The vehicle is designed to carry a standard unit load device (ULD) just like the Auto-Dolly but with the added benefit of being able to tow an additional three conventional dollies, each with a ULD. It also shares platform technology with the Auto-Dolly.

This vehicle has the capacity therefore to carry one ULD and tow three ULDs. Further, the vehicle can be operated autonomously or driven in manual mode by a driver. The vehicle can even be manufactured as a



manually driven vehicle only. This is an improvement from today's manually driven tugs which are mostly diesel and can tow, but cannot carry a load themselves. The current tugs take up space in baggage halls where an Auto-DollyTug could do the same job but with the advantage of carrying a ULD. This would lead to significant improvement in the utilisation of the baggage hall space and operation for moving ULDs.

The Directors believe that the considerable operational flexibility of the vehicle will enable early sales of purely manual versions to airports. Auto-DollyTug would allow larger airports to implement automated vehicles whilst utilising their current manually towed dolly assets until their end of life, at which point they could be replaced with Auto-Dollies.

The first prototype Auto-DollyTug has been manufactured and shipped to Changi Airport where it has, as of the 1 August 2022, gained CAAS accreditation to operate airside.



(e) **Auto-Cargo**

Auto-Cargo is another exciting concept being developed by the Group. The vehicle will be designed to carry a standard cargo pallet or two cargo ULD's weighing 7.5 tonnes and with the additional benefit of being able to tow a standard cargo trailer with a further 7.5 tonnes.

This vehicle will therefore have the capacity to replace the existing 'dockside truck' and two dolly combination which is commonly used by some airports.

In a similar manner to the Auto-DollyTug, this vehicle can be operated autonomously or driven in manual mode by a driver. The vehicle can also be manufactured as a manually driven vehicle only. The Directors believe that this is a superior solution in comparison to current manually driven 'dockside trucks' which are diesel and only able to tow. Dockside trucks also take up space in cargo areas where an Auto-Cargo could do the same job but with the advantage of carrying a cargo load itself. The Directors believe this could enhance utilisation of cargo operations and reduce operational and capital costs, whilst helping to implement zero emission vehicles into the cargo area which currently is not viable.

The Directors believe that this huge flexibility of operation with the vehicle will also enable early sales of purely manually driven vehicles to airports that are not yet ready to automate their cargo operations. Auto-Cargo would allow larger airports to implement automated vehicles as they dispose of their diesel 'dockside trucks' and implement zero emissions within their operations.

Auto-Cargo is currently at the design review stage.



#### **4. History and Background**

The Group was established by David Keene and Graham Keene in 1993 and is headquartered in Coventry UK. It has a long trading history as a manufacturer and supplier of product solutions to premium vehicle OEMs and global Tier 1s in the automotive industry.

Major milestones in the history of the Group are summarised as follows:

##### **Awards**

The Group has won numerous awards over its 29 year history with the most recent ones being Heathrow's Clean Vehicle Partnership 'Innovator' award in 2019 and AutoCar award for Innovation and Best Business 2020 both for the Auto-Dolly development.

##### **Notable Projects**

London Olympic Games 2012 – Aurigo provided all of the telematics units and supporting digital platform to LOCOG (The London Organising Committee of the Olympic and Paralympic Games) for fitment to 1,200 buses and coaches used to transport the athletes during both the Olympic and Paralympic Games.

## **Accreditations**

The Group has the following:

<i>Accreditation</i>	<i>Awarded</i>	<i>Nature</i>
IATF 16949	06/09/2013	Aimed at the development of a quality management system which provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process.
ISO 14001	22/04/2013	An internationally agreed standard that sets out the requirements for an environmental management system. It helps organizations improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders.
ISO 9001	14/05/1999	An international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

In 2015, the Group successfully won a highly contested UK Government backed project (LUTZ Pathfinder) delivered by the Transport Systems Catapult to develop the first platform for autonomous vehicles, whereby it used its automotive skills to design and build three prototype drive by wire vehicles. The project, which was a consortium of three organisations, was demonstrated successfully in Milton Keynes and attracted significant media coverage.

Work commenced in late 2017 on the development of a proprietary autonomous driving system, based on the Group's knowledge and experience of safety critical software. Alongside this, the Group began designing, developing and manufacturing autonomous passenger vehicles. Further details on these vehicles are set out under the paragraph titled Business Overview.

In 2019, the Group established its Aviation Technology division and commenced work on the design and development of autonomous baggage and cargo handling vehicles, which are designed to replace existing airport fleets of diesel and electric powered tugs that move baggage and cargo dollies. Further details on these vehicles are set out in the previous paragraph titled Business Overview.

In 2017, the Group established a presence in Australia, through its wholly owned subsidiary Aurigo PTY Ltd and in the same year, won a technology development grant of AU\$1 million to develop and demonstrate the use of autonomous vehicles. The grant was awarded by the South Australian Government as part of their Mobility Lab Fund. The grant funded project enabled the Group to ship three four-seater Auto-Pods to Adelaide for evaluation, tests and trialling. The vehicles were housed at the Tonsley Innovation District and operated in that and other locations in and around Adelaide. The project came to an end in 2020 following which the Group secured alternative projects, such as the deployment at Elliot Gardens of the Group's Auto-Pod's for transport in an aged care community.

The Company is currently negotiating a non-binding working relationship with Sage Automation based in Adelaide who now house and maintain the three autonomous vehicles previously used for the Mobility Lab Fund project and work closely with Aurigo to promote and demonstrate the technology across Australia at their city based locations.

The Group also has a wholly owned Canadian subsidiary based in Ottawa, Aurigo Canada Ltd, which was established in 2018. In January 2019, Aurigo Canada Ltd was awarded grant funding for a circa CAN\$300k project to develop and demonstrate the use of autonomous vehicles. The grant was awarded by Invest Ottawa as part of its on-going strategy to investigate and trial autonomous technology with a view to future rollout and a strategy to make Ottawa a centre of excellence for this emerging market. As part of the grant project, three four-seater Auto-Pods were shipped to Canada and were housed and trialled at Area X.O, a 750 hectare research and development complex in Ottawa which boasts one of the most advanced communication infrastructures in the world. Working with Transport Canada, a program of tests and trials in extreme weather conditions were completed and the Group was able to see first-hand how its



Autonomous Driving Software (ADS) worked. At the end of the program one of the Auto-Pods was moved to the University of Western Michigan in the US. The two remaining Auto-Pods are awaiting a new deployment, which the Group is currently investigating.

In 2017 the Group established a US company which is currently dormant.

In March 2022, Aurigo established an office in Singapore in a strategic move to support airport operations at Changi Airport and in the wider Asia-Pacific region. Further details on the work in Changi Airport are set out later in this Part 1.

The Group considers Australia, Canada, Singapore, UK and the US as leaders in autonomous vehicles, associated technologies and the development of a sustainable supply base and so it will continue to work to gain more grant funded programs as well as paid deployments with the aim, in time, for further sales of its vehicles and technology.

### **Grant Funding**

The Group has a track record of being awarded grant funding and participating in government funded projects, both in the UK and overseas, which contributes to research and development costs incurred in the various autonomous vehicle projects since 2014.

Grant funding is generally non-dilutive, and non-refundable, but usually must be accompanied by contributions from the Group subject to specified intervention rates. The Group are historically self-funded but since 2014 the Group has received, in aggregate, circa £11 million in actual cash from grants, to which it has matched, or contributed, circa £5 million. The Group's matching funds have been generated from existing operations.

Notable grant programs include:

#### *SWARM:*

The SWARM grant was awarded by Innovate UK to aid the development of artificial intelligence software capable of mapping, controlling and protecting against cyber-attack. The platform allows for multiple vehicles to operate simultaneously and work together in swarms to execute certain tasks more efficiently.

#### *ABACAS:*

The ABACAS grant relates to the most recent project undertaken in Singapore and was awarded by the UK and Singapore government grant funding bodies. The business was able to apply for grant funding to support the development and deployment of Auto-Dolly's at Changi Airport and with the Civil Aviation Authority of Singapore (CAAS). The project was successfully completed in May 2022. Further details on the work in Changi Airport are set out later in this Part 1.

#### *UK Autodrive:*

The UK Autodrive grant relates to a three year project to develop the Auto-Pod and associated systems. Ten vehicles were built during the project and then tested in Milton Keynes.

#### *T-CABS:*

The T-CABS grant was a 30 month project awarded by Innovate UK to facilitate the development of three Auto Shuttles (ten-seater autonomous vehicles). They were then demonstrated on the underserved route between Cambridge park and ride and the University.

#### *SPACES:*

The SPACES project was awarded by Innovate UK to enable the Group to demonstrate an autonomous Auto-Shuttle operating at the Birmingham NEC with no safety supervisor on-board i.e. completely remotely supervised. This project's goal was to demonstrate the 'final step', by removing the safety supervisor thus enabling the move to mass deployment of autonomous vehicles safely, a goal that the government had set the industry.

### HEART-PHASE 3:

The HEART (Hydrogen-Electric and Automated Regional Transportation) project is a programme that will demonstrate a viable regional transport network that is zero carbon, affordable, scalable and safe. It is aimed at sub-regional aviation with the objective of enabling a commercially viable, innovative and eco-friendly network that provides a passenger experience of door-to-door travel options, improved convenience, flexibility and travel information along with visibility of carbon footprint.

Amongst a number of target areas, the HEART programme is looking to address the use of autonomous ground systems to 'guide' aircraft, automate baggage and cargo loading/unloading and handle refuelling operations, increasing operational safety, reducing operating costs and enabling scale-up of operations.

In addition to receiving grant funding the Group has, each year, taken advantage of the R&D tax credits which are available to it.

The Directors intend to continue to investigate appropriate opportunities to participate in government backed projects to benefit from funding and the recovery of any R&D tax credits that may be due in the future following Admission.

## 5. Market Overview

### Overview

In 2018, IATA commissioned a study to assess the potential future of the airline industry with the aim of anticipating the key risks and opportunities global commercial aviation could face in the years to 2035. It covered issues such as technological innovation, environmental concerns, sustainable air travel, the increase in market share of low cost carriers and the potential for a repeat of one-off events stemming from volcanic eruptions to pandemic outbreaks.

Whilst an event the scale of the COVID-19 pandemic which had an enormous impact on the aviation industry affecting passenger traffic, air cargo demand, airport workforce and incoming revenues, was not anticipated in the aforementioned study, in the opinion of the Directors, it has since accelerated the opportunity to drive technological change in an industry which has limited alternatives to facilitate the restoration to pre-COVID-19 capacity.

When demand collapsed due to the global travel restrictions enforced to control the spread of COVID-19, the airline industry rapidly ran into financial difficulties and despite numerous governments providing funding to help support the industry, tens of thousands of jobs were shed. As coronavirus vaccine programmes gathered momentum and travel restrictions eased, passenger numbers have returned at such a pace that the airline industry has repeatedly demonstrated its insufficient resourcing and inability to cope anywhere near adequately.

To illustrate the issue it was estimated by Cirium, a global data and aviation analytics provider, that scheduled flights fell to approximately a third of pre-pandemic levels by April 2020. Similarly, IATA estimated that there was a 60 per cent. reduction in passenger traffic, with passengers traffic falling from 4.5 billion to 1.8 billion.

In addition, the airline industry has drastically reduced its workforce, with Oxford Economics estimating that there were 2.3 million fewer jobs in aviation by September 2021, compared to pre-pandemic levels. Of this, 1.7 million were ground handlers with a leading ground handling operator, Swissport, cutting its workforce from 65,000 to 10,000 in March 2020, and whilst there have been recruitment drives recently to restore these numbers, more is required.

The challenges for the airline industry do not solely stem from the recovery in passenger numbers, with IATA expecting overall traveller numbers to exceed pre-COVID-19 levels by 2024. In February 2022, IATA updated its long term forecasts to include the following highlights:

- In 2021, overall traveller numbers were 47 per cent. of 2019 levels. This is expected to improve to 83 per cent. in 2022, 94 per cent. in 2023, 103 per cent. in 2024 and 111 per cent. in 2025; and
- In 2021, international traveller numbers were 27 per cent. of 2019 levels. This is expected to improve to 69 per cent. in 2022, 82 per cent. in 2023, 92 per cent. in 2024 and 101 per cent. in 2025.

Whilst there has been an urgency amongst airports and airlines to ramp up operations, rehire staff and get planes back into the air, many airports are struggling to handle the growing passenger numbers due to critical staff shortages, and associated difficulties with time delays in hiring staff, achieving security clearances and training staff. This has resulted in severe flight delays, substantial flight cancellations and missing luggage with airlines now forced to match passenger numbers with actual ground handling capacity. Ground handlers, airports and airlines have yet to overcome the problem with the narrative being one of gradual improvement. The publicity has of course been damaging and this has led to a number of senior executive resignations.

### **Ground Handling**

Ground handling relates to the services provided to aircraft and passengers at airports, including refuelling, baggage loading, as well as services inside the terminal such as passenger check-in and baggage drop off.

In 1996, the European Commission decided to regulate the ground handling market in order to increase competition and choice in the supply of ground handling services. This led to the introduction of a directive which aimed to reduce the operating costs of airlines and improve the quality of service provided to airport users. This directive was implemented in the UK in 1997. As a consequence, there are numerous ground handling service providers operating throughout the UK and Europe. Aircraft operators can contract with a third party for such services or could choose to do it themselves, known as “self-handling”. An airport might also choose to provide ground handling services to aircraft providers. The regulations ensure that an airport cannot prevent ground handling service providers from operating at the airport nor prevent airport users from self-handling.

De-regulation has led to a proliferation of independent operators and a variety of approaches taken by aircraft operators. Ryanair established its own capabilities and self-handles at London Stansted airport, for example. Independent operators at the airport include companies like Stobart Aviation Services, Swissport International and Universal Aviation.

Since the Ground Baggage Handling Directive opened up the market to competition, baggage handling has evolved into a low cost, low margin business which has suffered from chronic under-investment and a lack of innovation. State of the art aircraft continue to be served by decades old diesel tractors or tugs and baggage carts or dollies. Processes have remained broadly unchanged and operators rely to a large degree on low skilled manual labour and human interaction. This has given rise to a high turnover, often unionised, error prone and inefficient workforce, which can result in safety and security incidents involving high value assets, multiple knock-on delays and cancellations. De-regulation has created a system which is generally recognised as being no longer fit for purpose and one that will be unable to cope with expected growth in passenger numbers.

### **Baggage Handling and Automation**

The current methods of moving baggage, particularly from airport to airplane, rely mainly on diesel powered vehicles, with very little change over the past several decades. It has also remained a highly labour intensive operation and the aforementioned de-regulation has served in part to limit investment in updating the established methodology and vehicles used. Whilst there have been benefits in terms of reducing the costs of such services it has become, in the Board's opinion, a very inefficient aspect of airport operation.

According to the 2021 report published by Research and Markets (entitled Global Airport Baggage Handling Market Report 2020-2025: Provision of End-to-End Solutions to Present New Growth Opportunities), the airport baggage handling market is poised for automation which will improve passenger experience and the efficiency of baggage handling operations of airports. As at 29 July 2022, the sector was estimated to grow to £12.3 billion per annum by 2027 with Group's estimated serviceable available market at an estimated £2.57 billion per annum by 2027.

Baggage handling systems extend across a variety of different systems, including check-in conveyors, baggage screening, sorting, makeup and reclaim, along with the baggage management system (baggage reconciliation, tracking, tracing, and communication). The baggage handling system accounts for a very high percentage of the overall market, and it is expected that the demand for advanced baggage management systems will increase at a higher pace as airports and airlines focus on reducing the mishandling of baggage.

Significant additional demand is expected to stem from new airports, particularly those due to open in China and India. Upgrades of older baggage handling systems will also contribute to growth, particularly in North America and Europe. The principal aim is not only to improve the baggage handling systems themselves but ultimately the passenger experience as well. It is expected that new entrants will bring innovative technologies to the industry with resulting improvement in efficiencies, which airport operators are expected to willingly embrace.

### ***Key Issues for Airport Operators***

Following on from the COVID-19 pandemic, IATA emphasised the need for the modernisation of processes and infrastructure by utilising innovative technology to deal with the expected doubling of demand in the industry over the next 20 years.

In the opinion of the Directors, there are several key issues which airport operators are currently facing which must be urgently addressed, of which, the solutions involve the adoption of new and disruptive technologies.

These issues are as follows:

a) *Labour Shortages*

Having shed a significant number of key staff in order to drastically and rapidly reduce costs during the pandemic, labour shortages are causing huge operational issues as the recovery of demand is significantly outpacing rehiring. In part, due to the measures taken by governments during the height of the pandemic, such as furlough, many of those previously in manual labour jobs have found employment in other sectors and are not returning to the airline industry. The traditional methods for loading and unloading baggage, with some undertaken by hand, also serve to make this type of work far less attractive. Recent staff shortages have been further exacerbated by the lengthy security clearance process required for all new staff, which can take several months. Although there is growing pressure for this process to be shortened, there will inevitably remain a cautious approach given, for example, that certain baggage handling staff have access inside an aircraft.

The Directors believe that the introduction of the Group's autonomous and semi-autonomous vehicle solutions, such as the Auto-Dolly, will serve to reduce the reliance on manual labour going forward.

b) *Cost*

Similarly, the global aviation industry is seeking to accelerate operational efficiencies as well as finding direct cost reductions. The Directors believe that the implementation of autonomous Auto-Dollies will result in savings as fewer people will be required in baggage handling operations of the future.

c) *Efficiency*

Aircraft turnaround time is a leading KPI for all airlines and airports. Turnarounds are complicated with many potential inefficient events and points of failure involving containers, baggage trucks and people. As such, technological innovation, including automation, can make a significant contribution to improving such operations by eliminating inefficiencies.

IATA has highlighted that a delay to any of the wide array of services can lead to snowball effect, causing a delay to the sequential service and so on. In extreme situations, aircraft crews might have to be swapped causing significant further delays to departures.

d) *Customer Experience*

Flight delays and misdirected and/or lost luggage are a major source of customer dissatisfaction. A current lack of drivers and baggage handlers to transfer baggage and cargo has manifested itself very publicly at airports across the UK and North America, with significant queues at check-in desks and with planes departing without passenger baggage in the hold.

e) *Health and Safety*

As a consequence of the use of high turnover workforce, the industry has a poor record both in terms of damage to high tech, high value assets, such as passenger planes, alongside a poor incident reporting culture. Damage to aircraft most commonly occurs when on the stand, either loading or unloading. According to IATA, aircraft ground damage costs will grow and exceed \$8 billion by 2030.

The Group is able to deliver a safer solution because its automated vehicles do not require as many people to operate them on the ground, with the aim of reducing the costs of incidents.

f) *Environmental*

The current vehicles operating “below the wing” on the airside of an airport are predominantly diesel-powered and the industry generally has a poor reputation for long-term sustainability. Airports need to reduce their environmental impact and, in the Board’s view, are under the spotlight to make changes quickly and of a significant and lasting nature.

The Directors believe that whilst a number of these longer term trends were acknowledged by the industry pre-pandemic, the events of the past two years have significantly accelerated the focus of airport operators to find new and innovative solutions. Furthermore, the Directors expect that the Group’s EV/autonomous products and services are distinctly placed to address this global opportunity.

## **6. Growth Strategy**

As described above, the Group’s commercial model will be aligned to its three divisions namely, Aviation, Autonomous and Automotive.

### ***Autonomous***

The Autonomous division will continue to take advantage of opportunities for paid domestic and international demonstrations and small-scale sales as and when they arise. The Directors do not expect that sales of the Group’s autonomous passenger vehicles will lead to significant revenue in the short to medium term, however the division will continue to seek opportunities in the UK and internationally to apply for grant funded projects to support the continued development of its technology.

### ***Aviation***

Autonomous vehicle technology has continued to evolve rapidly across multiple industries where there are clear advantages to be gained from improved efficiency, accuracy, reliability and a reduction in labour costs. The aviation industry is no different and the importance of these potential benefits have been elevated following the impact of the pandemic on airport operations. The Directors believe there are several factors that support uptake in the aviation industry including:

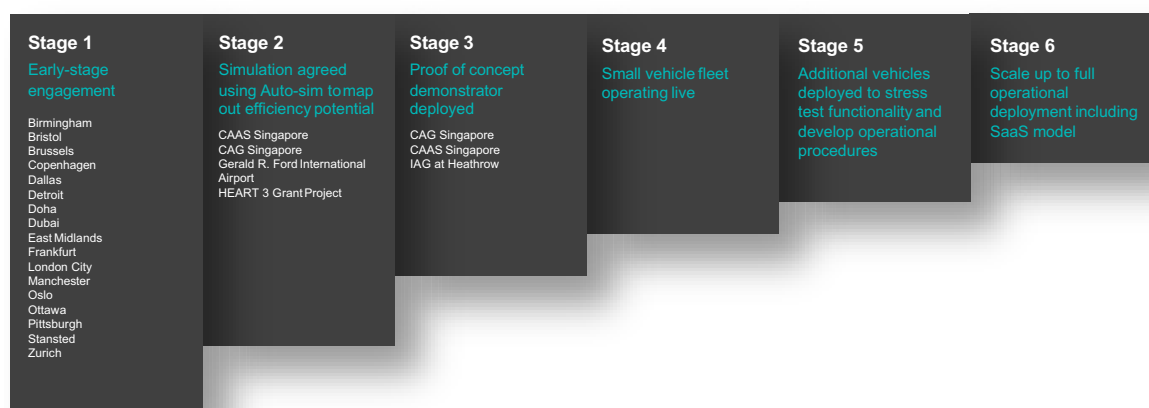
- process standardisation of ground handling operations for aircrafts;
- a homogenous and controlled environment, with mostly flat surfaces; and
- a known number of airside vehicles.

The Directors believe that baggage and cargo handling is ideally suited to the deployment of autonomous vehicles as processes are largely standardised, time sensitive and repetitive, with predefined routes and operating times that are co-ordinated to flight schedules.

There are a number of other resources that are also required to service aircraft, such as belt loaders, catering and toilet servicing trucks and refuelling vehicles that lead to a complex, and intricate network of moving vehicles and potential apron congestion. In the current operating environment it remains highly challenging to respond on-the-fly to operational failures and congestion where knock-on effects can quickly escalate into serious passenger disruption. Baggage and cargo automation can now alleviate some of these failure points and provide increased asset management and control, whilst offering environmental and health and safety advantages. There is a high cost associated with flight disruption, with estimates running at over \$50 billion per annum, and from physical accidents with aircraft that may go unreported due to a generally poor incident reporting culture.

In order to assess its market opportunity, the Group has undertaken extensive research on the airport industry and has developed an analysis, in part utilising data published by IATA, for the largest 500 international airports. These range from some of the largest like Amsterdam Schiphol, Dubai International, Hartsfield-Jackson Atlanta and Shanghai Pudong International, across to provincial airports in South America, Africa and the Asia-Pacific region. This analysis comprises passenger numbers, along with estimates of baggage, tugs and dollies operating at each airport, refined by utilising data gathered from the Group’s trials at both London Heathrow and Changi Airport.

## Sales funnel and on-going discussions



In terms of the Group's autonomous vehicles, the current focus is on the development and deployment of the Auto-Dolly and the Auto-DollyTug. Over the medium term, the Directors anticipate that there will be increasing demand for the Group's wider fleet of autonomous vehicles, particularly within the aviation sector. Preliminary discussions with potential customers for both the Auto-Shuttle and Auto-Patrol have been very encouraging and the Group intends to build on this following Admission.

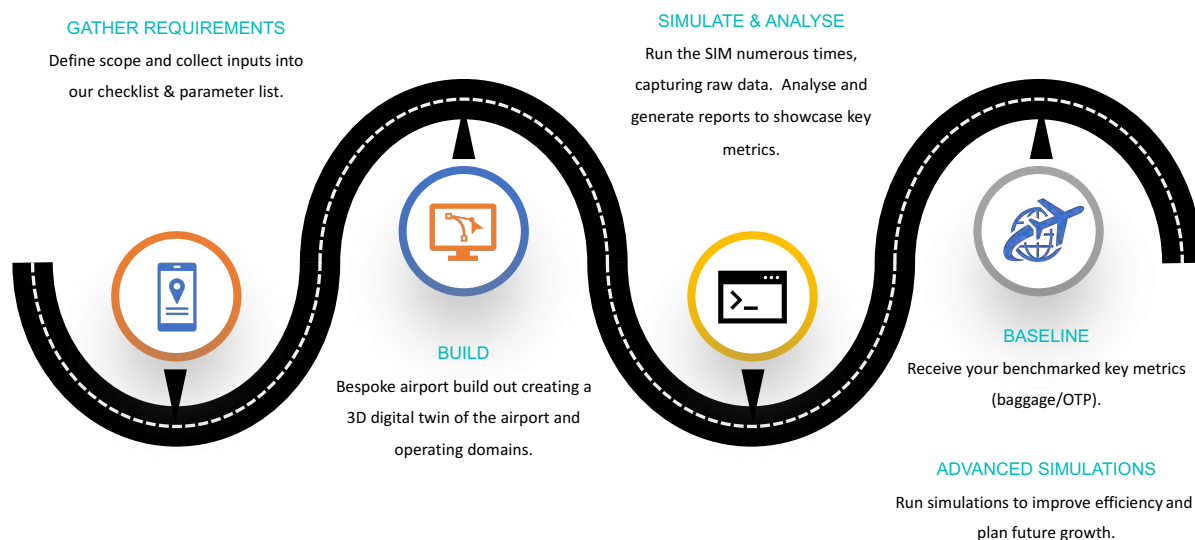
The Group has developed a broad sales and marketing strategy, particularly in relation to Auto-Sim, which will encompass PR, digital marketing, seminars and conferences. The Group will also attend international trade shows and is exploring the opportunity to share exhibition space with key customers at high profile shows. Amongst the trade shows are the following:

- ITS World Congress;
- World Cargo Symposium;
- World Aviation Forum;
- Smarty City World Congress;
- Passenger Terminal Expo;
- IATA Ground Handling Conference; and
- Future Technology Expo.

The Aviation division will continue to develop baggage and cargo autonomous vehicles and the overall control software in order to reach a minimal viable product for live operations within an airport environment. Sales of prototype and development vehicles leading to production rollout for live flights is expected to be the main revenue in the first two years post Admission. The division will market the Group's capability to demonstrate and deploy autonomous aviation vehicles and secure programs with international clients. The Auto-Sim software product, which is expected to be completed for initial rollout in 2022, will be marketed as a separate offering or in parallel with Aurrigo's autonomous aviation vehicle programs, as detailed in the Auto-Sim customer journey below. The Directors believe that airports could adopt Auto-Sim quickly enabling them to understand current operations better and plan for the introduction of the Group's autonomous vehicle products.



## AUTO-SIM CUSTOMER JOURNEY



### Automotive

The Group intends to build on the reputation, products, quality and skill set developed in the automotive division over the previous 29 years. The IPO will allow some additional resource to be allocated to commercial and business development to maximise current customer potential and acquire new customers in the sector. The Group's change of name to Aurigo International plc has initiated a refresh of the brand to the automotive sector and will enable the Company to position its latest electric vehicle (EV), advanced electronics and software capabilities more prominently. Although the Group will focus its future efforts primarily on the Autonomous and Aviation divisions post Admission, the Automotive division has the ability to grow and provide a solid revenue base for the Company.

The Automotive division will target organic growth through maximising existing relationships and acquiring new customers. The division will continue to focus predominantly on leading technology in wiring systems and electronic control modules. A new business development manager will be recruited in order to further develop the sales pipeline and to focus on maximising gross margins for existing products and new projects. The division will continue to offer advanced design and manufacturing capability.

### 7. Customers

Auto-Dolly was initially trialled at Heathrow Terminal 5 in 2019 which led to the Company being awarded the, Innovator Award, that year by Heathrow Clean Vehicles Partnership. Following on from proof-of-concept trials at Heathrow, Aurigo is in an advanced phase of trialling and development with its lead customer Changi Airport in Singapore, with an expectation (but subject to contract) that the airport will begin a rollout of autonomous vehicles from late-2024. Changi Airport is recognised as one of the world's leading airports at the forefront of innovation, as evidenced by globally recognised awards.

Auto-Dolly is currently in trial operation at Changi Terminal 4 and has recently been joined by an Auto-DollyTug. The Auto-Dolly was extensively tested, before gaining CAAS accreditation to begin trials airside, including around airport buildings and the primary runways, alongside other airport vehicles. The Auto-DollyTug has followed a similar testing and accreditation process, albeit over a reduced time scale. Further phases of testing and assessment will be undertaken, involving interactions within the baggage hall and an on-stand plane operation.

## Changi Airport

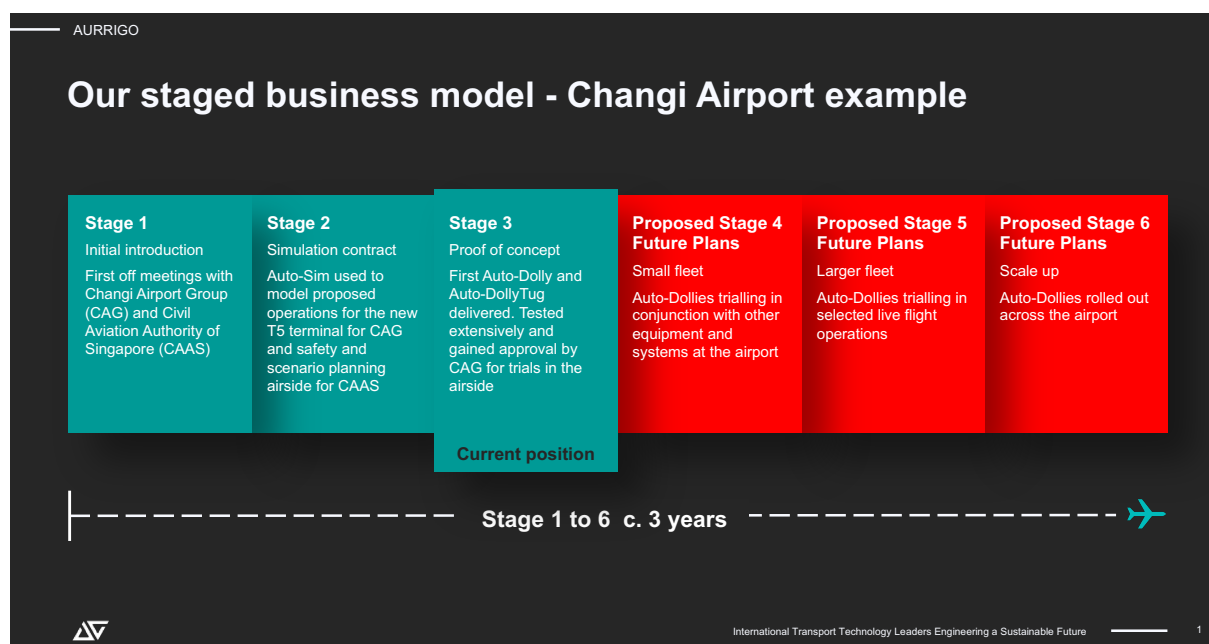
Air travel at Changi Airport has been increasing steadily since late 2021. A media release by Changi Airport Group revealed recently that monthly passenger numbers had crossed one million for the first time in two years.

A positive vibe and energy is also returning to Changi, but more flights and passengers mean more airport staff are needed to support this growth. One of the biggest recruitment drives in Singapore's aviation sector is taking off.

Singapore has set aside circa S\$500 million (approximately £300 million) for its OneAviation Resilience Package to support investments. The OneAviation Resilience Package will enable the sector to bolster core capabilities and ramp up its capacity to manage increased traveller volumes, in order to rebuild and reclaim its status as an international aviation hub.

Following the design and development of the first prototype automated baggage dolly in 2019, the Group attracted widespread and positive press coverage. This led to a new relationship with Changi Airport and the subsequent award from Innovate UK and Eureka to support the development and implementation of automated baggage dollies in Singapore. With the lifting of stringent COVID-19 restrictions, the first all new Auto-Dolly was shipped to Changi Airport in February 2022 and an Auto-DollyTug in May 2022.

The table below sets out the typical phases of work that will be required to introduce Auto-Dollies to an airport such as Changi:



## Recent Developments

The Group has recently completed a grant-funded project with Gerald R. Ford International Airport (GFIA) in Michigan, United States, where the Auto-Sim was used to create a 'digital twin' of airside operations. This virtual model was used to simulate airside operations to identify targeted metrics to increase operational efficiency and cost-saving measures. Having generated very positive results, the Group now intends to negotiate with GFIA regarding further projects, including airports and carriers affiliated with the airport's supervisory panel.

The Group is in early stage discussions with Amazon Air to provide solutions for cargo, including Auto-Cargo. Similarly, the Group is working with UPS on an application for Innovate UK grant funding focused on automated cargo operations at East Midlands Airport.

In addition, Aurrigo has initiated discussions with a number of airlines and airport groups, including the likes of Japanese Airports/JALUX, Ontario Airport Investments (who own and operate Brussels, Copenhagen, London City, Bristol, and Birmingham airports), Manchester Airport Group, Warsaw and Rio de Janeiro.

## **8. Competition**

While the autonomous vehicle landscape is progressing at a pace, in the opinion of the Directors developments are still relatively nascent, and within the aviation industry the majority of progress is only very recent. The drivers for an improvement and modernisation of airport operations, including the use of autonomous vehicles, to alleviate the pressures of this highly labour intensive industry have been heightened and accelerated by the COVID-19 pandemic.

A number of start-up operations have attempted to solve the underlying labour issue, but have largely focused on retrofitting sensors and attempting to use autonomous vehicle software on existing tow tractors.

The Directors believe that the Group is already established as an international leader with commercially viable products where barriers to entry are very high, given the rigours of the accreditation process within the aviation industry.

## **9. IP**

The following table has been prepared by Barker Brettell, Aurigo's advisers on intellectual property matters, and which details the Group's Patents and Trademarks which support activities in its Autonomous Technology and Aviation Technology divisions:

IP Type	Applicant(s)	Brief Description	Country	Filing Date	Application No.	Grant/ Registration Date	Grant No.	Status	Expiry
Patent	Richmond Design and Marketing Limited	Baggage Handling	Europe	16/12/2019	19823974.1			pending	
Patent	Richmond Design and Marketing Limited	Baggage Handling	United Kingdom	21/12/2018	1821134.2			abandoned	
Patent	Richmond Design and Marketing Limited	Baggage Handling	United Kingdom	06/02/2019	1901664.1	17/03/2021	2 576 800	granted	06/02/2039
Patent	Richmond Design and Marketing Limited	Baggage Handling	United Kingdom	16/12/2019	2109764.7			pending	
Patent	Richmond Design and Marketing Limited	Baggage Handling – D1	United Kingdom	16/12/2019	2211768.3			pending	
Patent	Richmond Design and Marketing Limited	Baggage Handling	Singapore	16/12/2019	11202106634X			pending	
Patent	Richmond Design and Marketing Limited	Baggage Handling	USA	16/12/2019	17/416 296			pending	
Patent	Richmond Design and Marketing Limited	Baggage Handling	International	16/12/2019	PCT/GB2019/053562			pending	
Patent	Richmond Design and Marketing Limited	TSS – Transport Safety System	Europe	09/12/2019	19821191.4			pending	
Patent	Richmond Design and Marketing Limited	TSS – Transport Safety System	United Kingdom	09/12/2019	1918014.0	01/09/2021	2 581 416	granted	09/12/2039
Patent	Richmond Design and Marketing Limited	TSS – Transport Safety System	International	09/12/2019	PCT/GB2019/053477			pending	
Patent	Richmond Design and Marketing Limited	Intelligent Power Sharing AVS	United Kingdom	15/09/2020	2014504.1			pending	
Patent	Richmond Design and Marketing Limited	Energy Bowsers	United Kingdom	15/09/2020	2014503.3			pending	
Patent	Richmond Design and Marketing Limited	Spindar	United Kingdom	21/07/2021	2110509.3			pending	
Patent	Richmond Design and Marketing Limited	Virtual Towing	United Kingdom	21/07/2021	2110507.7			pending	
Patent	Richmond Design and Marketing Limited	AGV Co-Operative Chocks	United Kingdom	10/11/2021	2116121.1			pending	
Patent	Richmond Design and Marketing Limited	TSS – Transport Safety System	USA	09/12/2019	17/416 300			pending	
Patent	Richmond Design and Marketing Limited	TSS – Transport Safety System	United Kingdom	09/12/2019	2109765.4			pending	
Patent	Richmond Design and Marketing Limited	Intelligent Power Sharing AVS	International	25/02/2022	PCT/GB2022/050509			pending	
Patent	Richmond Design and Marketing Limited	Monitoring and Control of Dumb	United Kingdom	30/07/2020	2014505.8			pending	
Trade Mark	Richmond Design and Marketing Limited	AURRIGO CONNECT	United Kingdom	30/07/2020	3517749	15/01/2021	3517749	registered	
Trade Mark	Richmond Design and Marketing Limited	AUTO-DOLLY	United Kingdom	30/07/2020	3517751	22/01/2021	3517751	registered	
Trade Mark	Richmond Design and Marketing Limited	SWARM Ai	United Kingdom	30/07/2020	3517754			abandoned	
Trade Mark	RDM Group Limited	RDM Group Logo	United Kingdom	07/10/2015	3130496	01/01/2016	3130496	registered	
Trade Mark	RDM Group Limited	RDM GROUP / RDM Group (Series of 2)	United Kingdom	08/10/2015	3130664	01/01/2016	3130664	registered	
Trade Mark	RDM Group Limited	pod ZERO Logo (2016)	United Kingdom	11/03/2016	3154509	17/06/2016	3154509	registered	
Trade Mark	RDM Group Limited	podzero Logo (2017)	United Kingdom	07/06/2017	3235996	25/08/2017	3235996	registered	
Trade Mark	RDM Group Limited	AURRIGO / Aurriigo (Series of 2)	United Kingdom	07/06/2017	3235999	25/08/2017	3235999	registered	
Trade Mark	RDM Group Limited	AURRIGO Logo (white/							
Trade Mark	Richmond Design and Marketing Limited	AURRIGO Logo (black) (Series of 2)	United Kingdom	07/06/2017	3236002	25/08/2017	3236002	registered	
Trade Mark	Richmond Design and Marketing Limited	AUTO-CARGO logo	United Kingdom	20/05/2022	3790534			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO – POD logo	United Kingdom	28/07/2022	3814404			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO – SIM logo	United Kingdom	28/07/2022	3814489			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO – DOLLY TUG logo	United Kingdom	23/05/2022	3791153			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO – SHUTTLE (Stylised)	United Kingdom	28/07/2022	3814447			pending	
Trade Mark	RDM Group Limited	pod ZERO Logo (2015)	United Kingdom	26/10/2015	3133403	26/02/2016	3133403	registered	
Trade Mark	RDM Group Limited	L-SATS	United Kingdom	26/10/2015	3133404	01/04/2016	3133404	registered	
Trade Mark	RDM Group Limited	POD ZERO / POD Zero (Series of 2)	United Kingdom	08/10/2015	3130669	05/02/2016	3130669	registered	
Trade Mark	Richmond Design and Marketing Limited	AURRIGO (LOGO)	United Kingdom	09/08/2022	3818256			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO-DELIVER logo	United Kingdom	20/05/2022	3790535			pending	
Trade Mark	Richmond Design and Marketing Limited	AUTO-PATROL logo	United Kingdom	20/05/2022	3790541			pending	

## **10. Current Trading and Future Prospects**

Despite ongoing challenges within the wider automotive industry, the Group's trading has been in line with the Directors' expectations and predominantly reflect the Automotive Technology division's operations. In the six months ended 30 June 2022, the Group generated unaudited revenue of £2.27 million and gross profit of £0.74 million. Whilst these difficult trading conditions have resulted in lower levels of OEM product sales, this has been partially offset by bespoke assignments, project work and feasibility consultancy undertaken across all three of the Group's divisions.

Research and development of the Aviation Technology division's proposition has remained a strategic focus throughout the period, as the Board expects to see revenues materialise as the testing and proof of concept phases with partners conclude. The Group will continue to apply for further funding, as it has successfully done so during the first half of the year, to help facilitate the achievement of its stated research and development objectives.

As part of executing its growth strategy, the Group also expects to improve its offering by introducing new product lines for the Automotive Technology division, such as wiring harnesses, electronic modules and other products that the Group has traditionally supplied and Autonomous Vehicle passenger demonstrations during the remainder of FY22.

As such, the Directors are optimistic about the outlook for the Group for the remainder of the current financial year, and are supportive of the Group's stated growth plans and objectives.

## **11. Reasons for Admission and Use of Proceeds**

The Directors believe that the Placing and Admission will provide capital for the Group's next stage of development. The Company expects to receive net proceeds from the Placing of approximately £6.5 million and the Directors intend to use the net proceeds to:

- accelerate the growth of the Group's Aviation Technology division to deliver its target to provide ground baggage support operations to 22 airports by the end of 2026;
- scaling headcount at all levels within the Group, both in the UK and internationally, including hiring a dedicated Singapore-based team at Changi Airport to support its lead customer through the phased rollout;
- increase brand awareness to enhance the Group's profile;
- capitalise on its early mover advantage, through the deployment of Auto-Sim and Auto-Dolly, the Group's lead products; and
- continue product development and IP generation.

## **12. Sustainability and Environmental, Social and Governance Performance**

The Board places great emphasis on the sustainability and ESG responsibilities faced by the Company, both as a private company historically and in light of it becoming a public company and having its shares admitted to trading on AIM.

The Company has systems and procedures in place which are designed to adhere to ISO 14001:2015 standard, which sets out the requirements for an environmental management system and targets more efficient use of resources and the reduction of waste. The Board considers the following environmental issues when developing and implementing the Group's business strategy:

- air quality including both local and global impacts;
- water quality and preventing contamination of controlled waters;
- land use;
- existing contamination and remediation issues;
- natural resources and their depletion; and
- protection and enhancement of both local ecology, biodiversity and that of the wider community.



In addition to these core values consideration is also given to the implications and risks to the business in respect of:

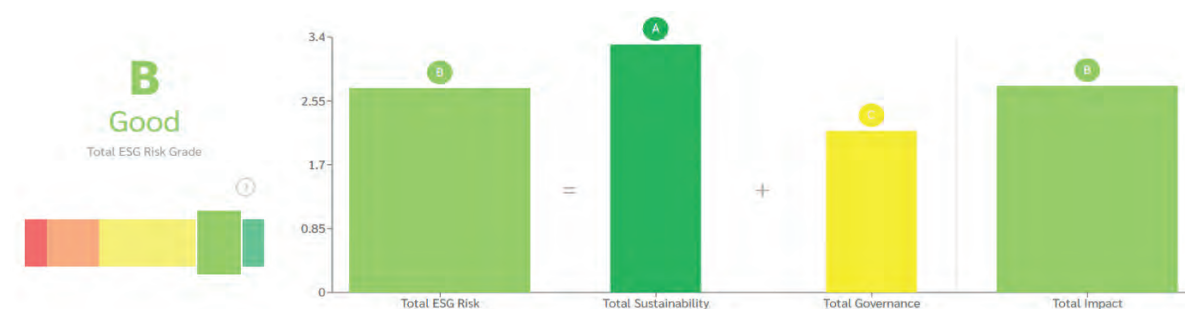
- cultural and social responsibility;
- legal and regulatory issues and key guidance;
- financial implications; and
- use best available technologies where financially practical and feasible.

In applying the above criteria and techniques, the Group actively manages and implements programs, procedures and its business strategy in order to mitigate against pollution and harm to the environment and global impacts such as climate change. These aspects form the core strategy of the Group when managing both its risks and opportunities for enhancing the local and global environment.

An example of actions taken included a comprehensive survey of existing light fittings in all of the Group's units, undertaken in January 2022. This survey identified the potential energy savings which would be achieved by the replacement of existing luminaires with low energy LED lighting, and integrated lighting controls where suitable, including PIR sensors.

The replacement of traditional lighting with LED alternatives will not only greatly reduce electricity costs, but will also result in a significantly lowering spend on lighting maintenance due to the life-span of LED luminaires being significantly higher than that of traditional lighting. The expected annual cost savings total £9,354, against an outlay of £31,853.

The success of this approach has been shown by the ESG evaluation score received from Integrum ESG ("Integrum") in June 2022. The Company achieved a very credible B rating for ESG, which is made up from a combination of sustainability and governance scores as shown below:



Following Admission, the Board intends to take steps to improve this rating with the aim of achieving an A rating in the short to medium term. The Board has established a Sustainability and ESG committee which will have oversight of this.

### 13. Directors, Senior Management and Employees

#### Directors

*Andrew Cornish – Non-Executive Chair (aged 56)*

Andrew is currently CEO of Middlesex County Cricket Club and previously CEO of Somerset County Cricket Club. However, it's in the aviation and automotive industries that Andrew has spent the majority of his career as CEO of Liverpool Airport Holdings Ltd, Executive Board member at Aer Lingus, and Managing Director and Group Board Director at Manchester Airport Group. Prior to aviation he was the Managing Director of Unipart's Automotive Division. His early career was spent at Eastman Kodak, the majority of which was internationally based, in various senior general management and marketing roles. Additionally, Andrew has held a number of Non-Executive and external roles including Ambassador for HRH The Prince of Wales at BITC, Member of ECB anti-corruption committee, Chair of Manchester Enterprise Academy and Fellow of the Royal Aeronautical Society.

*David Keene – Chief Executive Officer (aged 58)*

David has 39 years in the Automotive industry, including 29 years' ownership of Aurigo. David graduated from Coventry University with a BSc. in Electronics Electrical Engineering and is a Fellow of the Institute of Engineering and Technology (FIET) and the Royal Society for the Encouragement of Arts, Manufactures and Commerce (FRSA). David founded RDM Group, in 1993 after 11 years at Rover Group having started on the graduate recruitment and development program and leaving at senior management level. David is a founding member and sits on the board of the UK Automotive Council which has set the strategy for Automotive in the UK for the last 12 years and the board of Warwick Manufacturing Group (WMG) High Value Manufacturing Catapult. In 2016 David was awarded visiting Professor status at Coventry University in Autonomous Vehicles. David is regularly interviewed as an authority on automotive design and manufacturing as well as autonomous vehicle and systems development.

*Ian Grubb – Chief Financial Officer (aged 53)*

Ian joined Aurigo as CFO in February 2022 and brings with him a wealth of financial and senior management experience. Ian has extensive accountancy experience from a broad spectrum of industries. A competent strategist capable of developing systems and people and can manage, motivate, train and develop a team in a highly pressurised and challenging work environment. His previous roles include, Leacy Classic Motor Group, Jupiter Marketing Limited and associated companies, fresh fruit and vegetable import and distribution group, THE Distribution Ltd – a business dealing in warehouse and distribution of home entertainment products, Holiday Hypermarket – a travel agency with 37 hypermarkets, Red Mill Snack Food Ltd and TSB plc. Ian trained at Touche Ross and progressed to audit manager in his 4 year term there.

*Graham Keene – Corporate Development Officer (aged 56)*

Graham has 37 years' experience across management services, production and finance in automotive and manufacturing. Graham has held both the manufacturing director role and CFO position at RDM Group for last 29 years. Previous roles included Royal Doulton 1986 – 1988 In their Management Services Section, Sandwell MBC 1988 – 1990 Business Process Development in the areas of contract tendering procedures and commercial management with the private sector, West Midlands Fire Service 1990 – 1991 organisational development for preventative maintenance procedures and cost restructuring associated with maintenance functions, Hereford and Worcester CC 1991 – 1995 organisational development including local government restructuring, organisational change management, financial management. Graham founded Richmond Design and Marketing Ltd (RDM Group) in Feb 1993 with David Keene.

*Penelope (Penny) Coates – Non-Executive Director (aged 59)*

Penny's executive career began in Manufacturing with Mars and then Walkers Snackfoods (PepsiCo), followed by Retail, first in strategy development at Boots then becoming a Director of various business units, and then of Own Brand for Asda (Walmart). Penny next moved into Airport management with the Manchester Airport Group as MD of Airports, Group COO and Main Board Director.

Transitioning to Non Executive Director and Trustee roles, Penny recently spent a year as interim Chair for the successful development phase of the East Midlands Freeport (from bid to the start of trading). Penny is now Deputy Chair of Chester Zoo, Advisor to the Councils of Birmingham (in relation to Birmingham Airport), a Non Executive Director of Supply Pilot, a Trustee of the National Forest and a Trustee of the National Space Centre. Penny is also a Deputy Lord Lieutenant for Leicestershire.

Penny has prior Non-Executive and advisory experience with the Airport Operators Association, AMP Capital (member of Luton Airport Board), The Cooperative Society, Loughborough University and Melton Building Society.

*Joseph Elliott – Non-Executive Director (aged 79)*

Joseph has considerable experience in the automotive industry and has previously been chairman of both SPA DIY Motor Stores and A1 Motor Stores. He is a director and trustee of Jaguar Daimler Heritage Trust. Previously he served on the Society of Motor Manufactures Aftermarket Committee from 1990 to 2000 and was Coventry City Football Club Chairman in 2007. He ran his family firm, Elliott's car parts and accessories from 1959 to 2004 and has held numerous other roles including, Chairman and Director of A1 Motor Stores 1983-1991, Director Baby Lifeline Charity 1988-1996, Chairman Coventry Transport Museum 2003-2013, Director Culture of Coventry, 2013-present, Coventry City of Culture 2021 Development Board Director 2020-present and NSPCC Coventry Business Board 2011-2019 Director/Trustee.

#### *Lewis Girdwood – Non-Executive Director (aged 55)*

Lewis is currently CFO of Esken, a London stock exchange listed company who own Southend airport and provide GSE services to airports such as Manchester and have an energy company as part of the group. Lewis was appointed to Esken on 1 April 2019. Lewis previously served as CFO to IAG Cargo Limited, which provides global cargo services to British Airways, Iberia, Aer Lingus and other IAG airlines. Prior to that, he was Head of Financial Planning and Analysis at easyJet, responsible for financial business partnering across the airline. Lewis has also held senior finance roles at Premier Foods PLC, British Bakeries Limited and Racal Electronics Group International. He is also a member of the Audit Committee of charity Tommy's.

### **Senior Managers**

#### *Senior Managers*

The Directors are supported by:

#### *Simon Brewerton, Chief Technology Officer*

Simon is a highly practical and capable CTO with over 30 years' experience in Automotive Engineering. Simon is an expert in Automotive Functional Safety (ISO 26262), processes and design cycles. After graduating with a BSc in Cybernetics and Control Systems, Simon spent four years as a project engineer for automotive body electronics, giving him thorough technical knowledge and real-world application experience. He then joined Siemens AG where he held a position as a microcontroller specialist within Infineon (formerly Siemens) Automotive Marketing in the USA for six years. Since 2014, Simon has been CTO, tasked with growing the electronics, controls and Autonomous Vehicle technical capabilities of the Group.

#### *Jeremy (Jez) Coates, Chief Engineer Vehicle Programs*

Jez has 45 years' experience in design, development, homologation and manufacture of low volume vehicles including 23 years at Caterham Cars as Technical Director with responsibility for the design and development for all road and race models. He has expertise in low volume supplier selection, Bill of Materials (BOM) construction, manufacturing cost control and retail pricing. Jez is responsible for all design and development of the Group's autonomous vehicles and platforms.

Jez has a Degree in Mechanical Engineering from Warwick University.

#### *Dr. Richard Fairchild, Director Autonomous Programs (UK, Europe)*

Richard has extensive experience of working in fast paced start up environments and within emerging product areas such as Mobility as a Service, autonomous vehicles and clean tech. He has worked with large and small enterprises, local authorities, and government agencies and has delivered projects across international borders and into new global markets. Having trained in electronic and software engineering, Richard went on to study Transport Engineering and undertook a PhD on the subject of autonomous vehicles, publishing in 2009. After working in academic research at Newcastle University's Transport Operations Research Department, Richard joined RDM Group in 2011. Richard developed the Telematics division at RDM, tendering for and winning a project to deliver telematics systems and services to the London Olympic Games. After delivering the project, Richard left RDM to join clean-tech engineering firm AVID Technology as Engineering Manager and then being promoted to Engineering Director. In early 2017, Richard was approached by RDM with a view to returning to the company to assist with the autonomous projects which were rapidly expanding. Joining in March 2017, Richard assisted with the development of the Aurigo company, including branding, marketing, and sales. As Operations Director, Richard was responsible for deployments of Aurigo Pods across the UK and the world, with deployments from Milton Keynes to Adelaide, to Ottawa. In 2020, Richard left Aurigo to take the position of Chief Product Officer at FOD Mobility Group with the responsibility of developing the product roadmap for the 'Mobbileo' mobility-as-a-service travel platform. With the expansion of the Group's autonomous activities Richard has returned in April 2022 to head up Autonomous Vehicle projects across the UK, Europe, and Scandinavia.

#### *Miles Garner, Sales & Marketing Director*

Miles has 25 years' experience within the automotive, telematics and consumer electronics industry. He has previously worked for Philips, Sony UK / Europe and Cobra. In 2007 Miles left RDM to join its spin off telematics company called Auto-Txt as sales and marketing director. He then re-joined Aurigo in 2013. Miles has outstanding customer relationship skills and experience of sales and marketing strategy and execution and is a highly driven, customer focused and results orientated person with outstanding customer relationship skills.

*Elliott Hawkins, Head of Design*

Elliott joined Aurigo in 2016 and prior to that he has worked in the field of electric vehicles for over ten years, including the design of one of the worlds' first electric race cars whilst at Potenza Technology. At Aurigo, Elliott is head of design and acts as a bridge between the different fields of engineering and design. He gained a first class degree from The University of Wales before gaining a Masters in Vehicle Design from The Royal College of Art. Elliott is passionate about all fields of design and engineering and has been the driving force at Aurigo behind the styling and construction methods of the autonomous vehicle programs.

*Tenille Houston, VP Strategy and Operations (North America)*

Tenille has 15 years leadership experience at Tier-One OEM's and high-tech companies. Her previous role was CEO and co-founder at Auto Guardian in Ottawa, Canada, a company delivering autonomous vehicle solutions to councils and municipalities around North America. Tenille has extensive experience with government transport departments, local government and grant funding bodies. She was responsible for delivering several high value grant assistance programs for Auto Guardian. Tenille thrives in new, ground up product and company development and has an ability to translate internal engineering requirements to external customer facing collateral. She has extensive public speaking experience to include a TEDx talk, high profile press events and live news interviews.

She has a master's degree in Public Administration with specialisation in Public Management.

*Chris Keefe, VP of Autonomous Programs (North America)*

Chris has automotive experience spanning 30 years, with his first job being with Automatic Spring (a Ford sub-contracted company) in his early teens. Chris worked closely with Aurigo from 2015-2018, during which he was the Director for a robotics project for Jaguar Land Rover and Not Impossible Labs.. He then joined Aurigo in 2018 and now leads the North America office and has been solely responsible for business development and customer support in the region as well as delivering a grant supported program enabling our first Auto-Pods to arrive in Canada. He also has considerable experience of TV and media production, and has worked in director and senior roles at companies in a number of countries. Within Aurigo he is also responsible for curating all PR and media content as well as developing the companies own web site.

*Nick Ridler, Head of New Product Development*

Nick has 25 years' experience successfully delivering Advanced Engineering projects and is a proven innovator with ability to develop new technology and exploit market potential. He joined RDM in 1995 and left in 1997, working 15 years at Jaguar Land Rover in their research and advanced products division delivering advanced electrical and electronic systems for Range Rover, Sport and Jaguar models. Returning to RDM in 2017, Nick has led the team developing the electrical and autonomous vehicle systems, and has recently taken over as head of aviation simulation. He now leads the companies drive to develop this product to maturity and additionally leads all potential customer engagement and simulation work in the grant funded programs. Nick is a commercially astute senior manager with strong leadership skills, someone who understands the importance of team building and personal development. He is customer focused with ability to engage at all levels to generate and deliver business solutions. He holds a BSc. Industrial Product Design degree from Coventry University.

## **14. Corporate Governance**

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM, however, there is no prescribed corporate governance regime for AIM companies. The QCA has published the QCA Governance Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the QCA Code.

The Board has established an Audit Committee, a Remuneration Committee, a Nominations Committee and a Sustainability and ESG Committee, with formally delegated duties and responsibilities as described below.

### ***Audit Committee***

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's external auditors relating to the interim and annual accounts and the accounting and internal control systems in use within the Company. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Company's external auditors. The terms of reference of the Audit Committee require that the members of the Audit Committee shall include only independent non-Executive Directors and one member, preferably the chair of the Audit Committee, shall have recent and relevant financial experience with competence in accounting and auditing.

The Audit Committee will comprise Penny Coates, Andrew Cornish and Joe Elliott, with Lewis Girdwood acting as Chair of the Audit Committee.

### ***Remuneration Committee***

The Remuneration Committee will review the performance of the Directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.

The members of the Remuneration Committee shall include only independent Non-Executive Directors. The Remuneration Committee will initially comprise Lewis Girwood and Andrew Cornish, with Penny Coates acting as Chair of the Remuneration Committee.

### ***Nominations Committee***

The Nominations Committee, which will comprise Penny Coates and Joe Elliott, with Andrew Cornish acting as Chair of the Nominations Committee, will review the composition and efficacy of the Board and, where appropriate, recommend nominees as new directors to the Board.

### ***Sustainability and ESG Committee***

The Sustainability and ESG Committee will have oversight over the Group's approach to ESG matters and will comprise Penny Coates and Lewis Girdwood, with Joe Elliott as Chairman of the Committee.

### ***Matters Reserved To The Board***

The Company has adopted a policy regarding matters reserved for the Board. Those matters include (amongst other things):

- Board appointments or removals, following recommendations from the Nominations Committee.
- The appointment of directors to specified offices of the Board (including the Chair and Senior Independent Director).
- Contracts not in the ordinary course of business.

### ***Corporate Governance Statement***

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, the Company is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and have decided to adopt the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company will comply with the ten principles of the QCA Code, with effect from Admission as detailed below.



*Principle 1: Establish a business strategy and business model which promote long-term value for Shareholders*

The Company's business model and strategy is set out in Part 1 of this document. The Directors believe that the Company'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 Company.

The principal risks facing the Company are set out in Part 2 of this document. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission, including implementing a risk management framework.

*Principle 2: Seek to understand and meet Shareholder needs and expectations*

The Board is committed to and actively encourages effective relationships and communication with the Company's Shareholders.

Prior to Admission the Directors undertook an investor roadshow, which has provided the Company with insight as to what shareholder expectations are likely to be following Admission.

All shareholders are actively encouraged to participate in the Company's future annual general meetings ("**AGM**"). The Company will prepare an annual report and notice of AGM, which will be sent to all Shareholders and will be available for download from the Company's website.

The Company will seek to maintain an active dialogue with Shareholders, who will be kept up to date with the Company's developments by way of announcements made through a Regulatory Information Service on matters of a significant substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected 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 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, as appropriate with Shareholders who do not vote in favour of resolutions at AGMs.

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

*Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success*

The Company takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including Shareholders, staff, and customers part of its business strategy. The Directors will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business.

Further details of the Company's ESG policy and plans are set out in paragraph 12 of Part 1 of this document.

*Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation*

The principal risks facing the Company are set out in Part 2 of this document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission. A review of these risks will be carried out at least on an annual basis, the results of which will be included in the annual report and accounts going forward.

The Board has overall responsibility for the determination of the Company's risk management objective and policies and has also established the Audit Committee.

*Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chairman*

On Admission, the Board will comprise three Executive Directors and four Independent Non-Executive Directors, including the Non-Executive Chairman. The biographies of the Directors are set out in paragraph 13 of Part 1 of this document. The Board considers that it combines a blend of sector and market expertise, with an effective executive management team and appropriate oversight by independent Non-Executive Directors.

The Company is satisfied that the current Board is sufficiently resourced to effectively discharge its governance obligations on behalf of all its shareholders and other stakeholders in the Company.

The Board will meet regularly, and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties. The Board is also supported by the Audit Committee, the Remuneration Committee and the Nominations Committee. The Nominations Committee have responsibility for reviewing the structure, size and composition of the Board, giving consideration to succession planning and reviewing the leadership needs of the organisation.

The QCA Code recommends that the Board should comprise of a balance of executive and non-executive directors, with at least two non-executive directors being independent. The QCA Code suggests that independence is a board judgement, but where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained. Each of the Non-Executive Directors are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board. None of Non-Executive Directors are employees, have significant business relationships with the Company, or are significant shareholders in the Company.

As recommended by the QCA Code guidance, the independent Non-Executive Directors will not participate in performance-related remuneration schemes.

*Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities*

The skills and experience of the Directors are summarised in their biographies set out in paragraph 13 of Part 1 of this document.

The Directors believe that the Board has a balance of sector, financial and public market skills and experience appropriate for the size and stage of current development of the Group and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whilst also enabling each director to discharge his or her fiduciary duties effectively. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to develop the Company. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically.

While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Company retains the services of independent advisors including financial, legal, and investor relations advisers that are available to the Board and who provide support and guidance to the Board and complement the Company's internal expertise. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules and the Company's solicitors in respect of continued compliance with, *inter alia*, MAR.

*Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement*

The Directors will consider the effectiveness of the Board, Audit Committee, Remuneration Committee, Nominations Committee and individual performance of each Director. The outcomes of performance will be described in the annual report and accounts of the Company.

The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

*Principle 8: Promote a corporate culture that is based on ethical values and behaviours*

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The culture is set by the Board and is considered and discussed at Board meetings and the Board is aware that the tone and culture it sets impacts all aspects of the Company and the way that employees behave. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Company 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 whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Company, and for ensuring that such values and behaviours guide the objectives and strategy of the Company. The Company also has an established code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM Rules and MAR.

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

The Company fully endorses the aims of the Modern Slavery Act 2015, and takes a zero-tolerance approach to slavery and human trafficking within the Company and supply chain.

*Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board*

The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

David Keene is Chief Executive who, supported by the other Executive Directors, is responsible for the operation of the business and delivering the strategic goals agreed by the Board. The Non-Executive Directors (including the Non-Executive Chairman) are responsible for bringing independent and objective judgement to Board decisions and are all considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.

The Board is supported by the Audit Committee, Remuneration Committee and Nominations Committee, further details of which are set out in paragraph 14 of Part 1 of this document. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advisers, as necessary, to enable the committee to fulfil its duties.

The Board intends to review the Company's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

*Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders*

Responses to the principles of the QCA Code and the information that will be contained in the Company's annual report and accounts and the Company's website provide details to all stakeholders on how the Company is governed. The Board is of the view that the annual report and accounts as well as its half year report are key communication channels through which progress in meetings the Company's objectives and updating its strategic targets can be given the Shareholders following Admission.

Additionally, the Board will use the Company's annual general meetings as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Company and its progress.

The Company's website in compliance with the AIM Rules, [www.aurrigo.com](http://www.aurrigo.com), will be updated on a regular basis with information regarding the Company's activities and performance, including financial information.

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

## 15. Share Dealing Code

The Company has adopted a share dealing code, in conformity with the requirements of the AIM Rules and the Market Abuse Regulation, and will take steps to ensure compliance by the Board and relevant senior staff with the terms of the policy.

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

## 16. Selected Financial Information

The following financial information has been derived from the financial information contained in Part 4 *Historical Financial Information* and Part 5 *Unaudited Interim Financial Information* of this document, and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	<i>Audited Accounts to 31 December 2021 £</i>	<i>Audited Accounts to 31 December 2020 £</i>	<i>Audited Accounts to 31 December 2019 £</i>	<i>Unaudited interims to 30 June 2022 £</i>	<i>Unaudited interims to 30 June 2021 £</i>
Revenue	5,267,064	4,082,722	5,678,222	2,274,684	2,860,493
Gross profit	1,820,525	1,380,707	2,610,752	741,413	817,275
EBITDA	388,538	157,905	1,445,491	(251,009)	(27,857)
Profit/(loss) before tax	177,903	(97,820)	1,246,673	(381,780)	(146,224)
Cash and cash equivalents	1,291,566	1,603,159	1,349,031	179,428	1,516,147
Net current assets	2,293,030	2,549,872	2,527,241	1,761,629	2,355,311
Net assets	3,523,269	3,552,101	3,662,593	3,200,508	3,374,873

Revenue in the first half of 2022 has been adversely affected by unusual OEM customer shutdowns caused by well publicised supply chain issues. Gross margin has increased compared to the prior half year period, but additional costs relating to the IPO process and the internal costs of supporting the current testing phases at Changi Airport have reduced EBITDA and net profitability for the period. Cash balances have been similarly affected, compounded by timing differences in grant income receipts.

## 17. Dividend Policy

Following Admission the Company intends to retain any earnings to expand the growth and development of its business and, therefore, does not anticipate paying dividends in the near term. The Board will review the Group's capital allocation policy on an ongoing basis and given the cash generative nature of the Group's activities would, subject to the availability of sufficient resources and distributable reserves, and if commercially prudent to do so will consider commencing the payment of dividends in the medium term.

## 18. Incentivising Management And Employees

The Directors believe that the success of the Group depends, in part, on the future performance of the management team and other employees. The Directors recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company. The Directors therefore

have approved, subject only to Admission, the establishment of the EMI Plan. Please see paragraph 4 of Part 7 of this document for further details, including the numbers of EMI Options to be granted under the EMI Plan and their respective vesting dates.

The EMI Options, if exercised in full, would represent 4.00 per cent. of the Enlarged Share Capital.

## 19. Concert Party and the City Code

The City Code will apply to the Company from Admission. Under the City Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate interests of the acquirer and its concert parties to 30 per cent. or more of the voting rights in the Company, the acquirer would be required to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

This requirement would also be triggered when, except with the consent of the Panel, any person (together with persons acting in concert with him) who is interested in Ordinary Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which he is interested.

The City Code defines persons “acting in concert” as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. “Control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. A person and each of its affiliated persons will be deemed to be acting in concert with each other.

The Company and the Panel have agreed that David Keene, Graham Keene and their close relatives (the “**Concert Party**”) should be regarded as acting in concert for the purposes of the City Code. Samuel Munslow is a close relative of David Keene. Following Admission, members of the Concert Party will be interested in approximately 60 per cent. of the voting rights of the Company which will be held as follows:

Name	Immediately prior to Admission		Immediately following Admission			On a diluted basis <sup>1</sup>	
	% of		% of			% of	
	Number of Ordinary Shares	Existing Ordinary Shares	Number of Ordinary Shares	Enlarged Share Capital	Share options held	Number of Ordinary Shares	the issued Ordinary Shares
David Keene	12,500,000	50	12,500,000	30	nil	12,500,000	29.99
Graham Keene	12,500,000	50	12,500,000	30	nil	12,500,000	29.99
Samuel Munslow	nil	nil	nil	nil	14,140	14,140	0.03
<b>Total</b>	25,000,000	100	25,000,000	60	14,140	25,014,140	60.01

1 Assuming all options over Ordinary Shares held by the relevant members of the Concert Party are exercised in full but no other options are exercised

As an employee, Samuel Munslow, is eligible to participate in the Company’s incentive schemes. Samuel Munslow has been awarded options over 14,140 Ordinary Shares pursuant to the EMI Plan, the terms of which are summarised in paragraph 4 of Part 6 of this document. As such, Samuel Munslow could come to hold in aggregate up to 14,140 Ordinary Shares following the exercise of all such options held by him only, representing a maximum potential interest of up to 0.03 per cent. of the Enlarged Share Capital (as enlarged by such exercise). Accordingly, the Concert Party could come to hold in aggregate up to 25,014,140 Ordinary Shares (following the exercise of all such options held by Samuel Munslow only), representing a maximum potential interest of up to 60.01 per cent. of the Enlarged Share Capital (as enlarged by such exercise).

**Following Admission, the members of the Concert Party will between them hold more than 50 per cent. of the issued voting share capital of the Company and (for so long as they continue to be**



**treated as acting in concert) may accordingly increase their aggregate interests in shares without incurring any further obligation under Rule 9 of the City Code to make a general offer although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold (between an interest of 30 per cent. and a holding of 50 per cent. of the Company's shares carrying voting rights) without Panel consent.**

Further details on the Takeover Code and the Concert Party are set out at paragraph 6 of Part 7 of this document.

## **20. EIS and VCT Status**

The Company has applied for and received advance assurance from HMRC to the effect that the EIS Placing Shares will be 'eligible shares' capable of constituting a qualifying holding for EIS Relief purposes, and that subject to receipt of a satisfactory compliance statement from the Company, the EIS Placing Shares are capable of satisfying the requirements for EIS Relief. This advance assurance is expected to apply only in relation to the EIS Placing Shares.

The Company has received independent advice that the Ordinary Shares should be a qualifying holding for the purposes of the VCT Legislation. However, prospective investors should note that the Company does not make any representations as to whether any investment in the Company will be one in respect of which tax relief under VCT rules will be available or that any such tax relief will not subsequently be withdrawn by virtue of the Company's future actions.

Further information on EIS and VCT status is set out in Part 7.

## **21. The Placing**

The Company, the Directors and Singer Capital Markets have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, SCM Securities has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company pursuant to the Placing. The Placing has not been underwritten. The Placing Shares will represent approximately 40 per cent. of the Enlarged Share Capital at Admission.

The Company is proposing to raise a total of £8.0 million (before expenses) by way of the Placing.

The Company and the Directors have given certain warranties (and the Company has given indemnities in respect of certain liabilities and claims that may arise or be made against it in connection with the Placing and Admission) to Singer Capital Markets, all of which are customary for this type of agreement.

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

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

The placing of the EIS Placing Shares and the VCT Placing Shares is conditional, among other things, upon the Placing Agreement not having been terminated in accordance with its terms. EIS and VCT investors should note that it is intended that the Company will issue the EIS Placing Shares and the VCT Placing Shares before 11.59 p.m. on 14 September 2022 and that Admission is expected to occur at 8.00 a.m. on 15 September 2022 and, accordingly, completion of the placing of the EIS Placing Shares and the VCT Placing Shares is not conditional upon Admission.

The placing of the Non-Eligible Placing Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 15 September 2022 (or such later time and/or date as Singer Capital Markets and the Company may agree, not being later than 8.00 a.m. on 13 October 2022) and not having been terminated in accordance with its terms prior to Admission.

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

Singer Capital Markets has the right under the Placing Agreement to terminate the Placing Agreement and not proceed with the Placing if, prior to Admission, certain events occur including certain force majeure events. If such right is exercised by Singer Capital Markets, the Placing will lapse and any monies received in respect of the Placing will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 10 of Part 7 of this document.

### **Director Participation**

Certain Directors will be participating in the Placing as follows:

<i>Name</i>	<i>Ordinary Shares</i>	<i>£</i>
Andrew Cornish	208,333	100,000
Penny Coates	312,500	150,000
Joseph Elliott	52,084	25,000
Lewis Girdwood	104,167	50,000

## **22. Lock-in and orderly market arrangements**

The Founders and aforementioned Directors who are participating in the Placing and who will, on Admission will be the holders of 25,677,804 Ordinary Shares in aggregate, representing approximately 61.63 per cent. of the Enlarged Share Capital, have entered into Lock-in Agreements. Under the terms of the Lock-in Agreements, the Locked-in Persons have undertaken to the Company and Singer Capital Markets not to dispose of any interest in any Ordinary Shares owned by them or any connected person for twelve months from Admission (the “**Restricted Period**”) and, for a further period of twelve months following expiry of the Restricted Period only to dispose of their Ordinary Shares through SCM Advisory during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Further details of the Lock-in Agreements described above are set out in paragraph 10 of Part 7 of this document.

## **23. Relationship Agreement**

David Keene and Graham Keene (and their connected persons) will hold 12,500,000 and 12,500,000 Ordinary Shares respectively on Admission, representing in aggregate approximately 60 per cent. of the Enlarged Share Capital at that time. Each have undertaken to the Company and SCM that, for so long as he (either alone or together with this connected persons) is interested in Ordinary Shares carrying 20 per cent. or more of the Company’s voting share capital, he will not act to unduly influence the Company or its Board or otherwise interfere with the day-to-day management of the Company.

Further details of the Relationship Agreement described above are set out in paragraph 10 of Part 7 of this document.

## **24. Admission, settlement and CREST**

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those in issue and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 15 September 2022. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations.

The Articles contain provisions permitting the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes provided such person is a “system member” (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 15 September 2022. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 business days of the date of Admission.

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

## **25. Meetings, Reports and Accounts**

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 31 December each year. It is expected that copies of the report and accounts will be sent to Shareholders by the end of June each year.

The Company will also publish an unaudited half-yearly report covering the six months to 30 June each year. The unaudited interim results covering the six months to 30 June 2022 are included in Part 5 of this document. The first financial report and accounts that the Company will publish will be for the period to 31 December 2022. The Company intends to hold its first annual general meeting before 30 June 2023 and will hold an annual general meeting each year thereafter.

## **26. Fees and Expenses of the Company**

### ***Expenses associated with the Placing and Admission***

The costs and expenses incurred by the Group in connection with the Placing and Admission are expected to be circa £1.5 million and will be borne by the Company.

### ***Ongoing annual expenses***

Ongoing annual expenses of the Group will be borne by the Company including fees paid to the Directors and service providers, travel, accommodation, printing, audit, finance costs, due diligence and legal fees. Certain reasonable out-of-pocket expenses of the Directors relating to the Group will also be borne by the Company.

## **27. Conflicts**

Any member of the Group or any associate, director, partner, officer, employee, agent of any of them may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Company. Whenever such conflicts arise, the Board shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly.

## **28. Further Issue of Ordinary Shares**

The issue of further Ordinary Shares for cash is subject to pre-emption rights in favour of existing Shareholders, which may be disapplied by Shareholders by way of a special resolution. Pursuant to a resolution passed by the Company's shareholders on 8 September 2022, the Directors will have authority following Admission to issue (i) the Placing Shares and (ii) further Ordinary Shares for cash on a non pre-emptive basis up to an amount representing 25 per cent. of the issued Share Capital on Admission to

expire on the earlier of the date falling 18 months from the date of the resolution and the Company's first annual general meeting following Admission.

## **29. Notification of major interest in Ordinary Shares**

Chapter 5 of the DTRs makes provisions regarding notification of certain shareholdings and holdings of financial instruments. Where a person holds voting rights in the Company as a shareholder through direct or indirect holdings of financial instruments, then that person has an obligation to make a notification to the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below 3 per cent. or any whole percentage point above 3 per cent. The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases.

## **30. Taxation**

Information regarding UK taxation is set out in Part 6 of this document. That information is intended only as a general guide to the current tax position under UK law. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

## **31. Risk Factors**

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the risk factors set out at Part 2 of this document.

## **32. Further Information**

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part 1. In particular, your attention is drawn to the risk factors in Part 2 of this document and the additional information contained in Part 7 of this document.

## PART 2

### RISK FACTORS

**An investment in Ordinary Shares involves a high degree of risk. Accordingly, before making a final decision prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. No assurance can be given that Shareholders will realise a profit or will avoid a loss on their investment.**

**The Board has identified the following risks which it considers to be the most significant for prospective investors in the Company. The risks referred to below do not purport to be exhaustive and are not set out in any particular order of priority and prospective investors should review this document carefully in its entirety and consult with their professional advisers before acquiring Ordinary Shares.**

**If any of the following events identified below occur, the Group's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In that case, the market price of the Ordinary Shares could decline and investors may lose part or all of their investment. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives. In particular, the Group's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements. An investment in Ordinary Shares described in this document is speculative.**

**A prospective investor should consider carefully whether an investment in the Company is suitable in light of his, her or its individual circumstances and the financial resources available to him, her or it. If you are in any doubt about the action you should take, you should consult your independent financial adviser authorised under FSMA.**

#### **RISKS RELATING TO THE GROUP AND ITS OPERATIONS**

##### ***Downturn in the automotive market***

The Group is indirectly exposed to the wider market conditions affecting the automotive sector, including overall sales of vehicles in the geographies in which its clients operate. The demand for vehicles relies on consumers' purchasing power and consumer confidence regarding future economic developments. Consumer demand is negatively affected by a decrease in potential customers' disposable income, assets or financial flexibility or uncertainty as to their future income, assets or financial flexibility.

In the wake of the recent and ongoing global COVID-19 pandemic, new car sales have been impacted by the availability of computer chips which have been in short supply. This has led to some original equipment manufacturers (OEMs) reducing production levels. Despite these difficulties, sales for the Group in this sector increased from £3.6m in 2019 to £4.9m in 2020 (see historical financial information shown in Part 4 of this document). The increase in 2021 was in part due to the fulfilment of orders generated within the prior year along with increased higher margin consultancy and project work compared to the prior year.

##### ***Issues effecting the aviation industry***

The aviation industry was hit badly by the COVID-19 pandemic as a result of the lockdowns and travel bans, and whilst the majority of restrictions have now been lifted, not all international destinations are open to visitors from all destinations. It is expected that it will take time for the aviation industry to recover, and recovery is not expected in the near term, from the after effects of the pandemic which include not only the



financial implications of the restrictions, and the lower than pre COVID-19 numbers of passengers and cargo, but also the difficulty in recruitment of personnel to replace the numbers that left the industry during the COVID-19 restrictions and have not returned, having found alternative employment.

These issues may have an adverse impact on the Group's business and financial position, and the value of the Ordinary Shares.

#### ***Increasing prices in line with inflationary cost pressures***

The Group faces cost increases and fluctuations as a result of wages, energy and material price inflation and is thus subject to fluctuation. The prices of raw materials have fluctuated significantly in recent years and have increased in the recent past, and it is likely they will do so again in the future.

The Group also uses substantial amounts of energy in its manufacturing process, the price of which is subject to significant volatility. Such volatility in the prices of these commodities could increase the costs of manufacturing the Group's products. In addition, supply shortages or delays in delivery of raw materials, components or energy can also result in increased costs of manufacturing the Group's products.

The Group may not be able to offset these cost increases by cost reductions elsewhere, improvements in productivity and/or price increases which may therefore have a material adverse effect on the Group's prospects, operating results and financial condition.

#### ***The Group may be subject to risks related to Brexit***

On 31 January 2020, the UK left the EU. There are significant uncertainties in relation to the terms and time frame within which the UK's future trading, regulatory and other relationships with EU countries and countries with which the EU has established trading relationships will be affected. There are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including, *inter alia*, the UK's tax system, the conduct of cross-border business and export and import tariffs between the UK and the EU. There is also uncertainty in relation to how these developments will impact on the economy in the UK and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. Although it is not possible to predict the long term effect of the UK's exit from the European Union, any of these risks could have a material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

#### ***Results of environmental searches***

Environmental searches carried out on the Group's properties reveal a potential (albeit the Directors believe, low) risk of contaminated land and potential soil and/or groundwater liabilities. The Group have however been in occupation of its properties for 28 years and have not experienced any issues.

#### ***Remedial work on the Group's Property***

As at the date of this document the Group is waiting on the results of an asbestos survey on its properties, which has been commissioned by the landlord as part of a standard health and safety review. It is currently unclear whether any remedial work will need to be undertaken by the landlord at this time and the likelihood of any impact on the Group's operations.

#### ***Supplier dependency and a breakdown in the supply chain***

In order to produce its products, the Group is dependent on the delivery of certain components and raw materials and hence has built up a reliable supplier base for its externally sourced components. If for any reason, any suppliers cease to, or became unable to, supply the parts or materials required for the Group's products, the Group may not be able to find an alternative source or supply or may only be able to do so on less advantageous terms. Any unexpected disruption to, or termination of, these supply contracts could negatively impact the Group's ability to deliver on customer contracts which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Furthermore, any shortage in supply or other failure to obtain parts or materials in sufficient quantities could have a material adverse effect on the Group's business and financial condition. Whilst the Group can seek to mitigate this risk by seeking to dual source materials where possible, this may not be possible and may

still not reduce any impact of global demand shortages, quality, cost or availability of supply, which would impact the Company's performance and financial position.

In addition, the Group is exposed to the risk of lower order volumes from customers due to a disruption to their own supply chain which is unrelated to the Group's products. For example, key suppliers and OEMs are currently faced with a global shortage of semiconductors, which has resulted in lower production volumes and temporary production suspensions at some of the Group's customers facilities. This shortage currently remains ongoing. The outlook and timing of any easing remains uncertain, and is unlikely to happen in the near term. Lower production and volumes at the Group's customers directly impacts demand for the Group's components and can have an immediate impact as the Group produces components in response to near term production schedules. A persistent shortage of semi-conductors may affect the business, operating results and financial condition of the Group going forward.

### ***Failure to innovate***

To ensure its long-term success, the Group's products need to remain relevant with regards to the markets in which it operates. It is therefore imperative that the Group can innovate to produce products which adhere to the future requirements of its customers. If the Group fails to meet the changing needs of its customers, there is a risk that its revenues will suffer as a result. Products and technologies used within the Group's current market place are constantly evolving and improving and the Group may not possess the adequate technology or technical know-how to meet customer demand. Therefore there is a risk that the Group's current product offering may become outdated or obsolete as improvements in competitors' products and technology are made.

Any failure of the Group to ensure that its products and other technologies remain up to date with the latest technology may have a material adverse effect on the Group's business, prospects, results of operation and financial condition. The Group's success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends.

***Operations and financial results have been negatively impacted by the COVID-19 pandemic, and the resultant grounding of flights and closure of airports worldwide, the continued COVID-19 pandemic, or the outbreak of other contagious diseases, which may have a material adverse effect on the Group's business, financial performance and results.***

The Group is exposed to substantial risks associated with the performance of the global economy as demand for automotive products and services is directly related to the strength of the global economy.

Therefore, the Group's income and results of operations have been influenced, and will continue to be influenced by the general state and performance of the global economy. The global economy has recently been particularly affected by the outbreak of COVID-19, which has caused extreme market volatility in the automotive industry since the beginning of 2020.

There can be no assurance that further lockdowns or other developments related to the COVID-19 pandemic will not lead to a suspension of production at the Group's facility in the future. Beyond this, the Group may also be adversely affected by the outbreak of any other contagious diseases, which may result in a widespread health crisis that could affect the economies and financial markets of many countries, resulting in an economic downturn and substantial declines in consumer purchasing power that could affect demand for the Group's products, limit its ability to collect against existing trade receivables and reduce its operating results.

Further adverse impacts that the Group has experienced or may experience due to the COVID-19 pandemic or the outbreak of a contagious disease in the future include:

- infections and quarantining of employees in areas in which the Group operates;
- lower productivity and increased costs related to the introduction of social distancing measures at production sites;
- additional costs for personal protection equipment for staff;
- difficulties in the ability to satisfy the Group's contractual obligations to its customers in a timely manner;

- cancellations, delays or lower call-offs from customers due to lower demand, government imposed restrictions or other reasons;
- customers, service providers or suppliers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business or experiencing disruptions to their operations;
- a repeat in the issues for the automotive and aviation industries described above;
- higher freight and logistics costs and delays due to border controls; and
- the need to introduce measures to reduce costs and capital expenditure, including reduction in work force, short time labour and implementation of a hiring or salary freeze.

Any of these factors could have a material adverse effect of the Group's business, financial condition and results of operations.

### ***Financial controls, internal reporting procedures and regulatory policies***

The Company has systems and controls in place to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail the Company may be unable to produce financial statements accurately or on a timely basis and therefore expose the Company to risk. Any concerns investors may have over the potential lack of available and current financial information and the controls the Company has in place could adversely affect the Company's share price. Furthermore, until recently the Group has not had adequate anti-bribery, anti-corruption and anti-facilitation of tax evasion policies and procedures in place. There is no positive obligation to have such policies and procedures in place, however without them the Group will be unlikely to be able to avail itself of the defence of having adopted reasonable policies and procedures. In the event of any wrongdoing by the Group's agents, employees or other intermediaries being found to have occurred prior to the adoption of the policies and procedures, it may have a material adverse impact on the Company's reputation.

The Group has no 'experts' trained in health and safety and no identified responsible individual in place who is specifically trained in matters of health and safety compliance. The Group will therefore be unlikely to be able to avail itself of the defence of having the relevant 'experts' in place. In the event of any wrongdoing by the Group's agents, employees or other intermediaries being found to have occurred prior to the appointment of such persons, it may have a material adverse impact on the Company's reputation.

### ***Risks associated with product recalls***

The Group's reputation and brand could be damaged materially if an undetected defective component produced by the Group is sold within a finished automotive vehicle and results in the need for a product recall, repair, or replacement costs, or if any liability is incurred for personal injury or property damage caused by such defect.

Despite the fact the Group enjoys a broad customer base, a decline in its reputation in the sector could impact upon its profitability. Any damage to reputation could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

### ***Some of the Group's commercial contracts contain uncapped liability and indemnity provisions***

Certain of the Group's contracts are relying on standard terms of business and others contain uncapped indemnity provisions. The Directors believe these terms are in line with industry practice and that claims are unlikely to be made however, if a situation arose and a claim was made against the company and/or the indemnity provisions were enforced, it could materially harm the financial condition of the Group.

### ***Some of the Group's contracts with its customers can be terminated at short notice or on a change of control***

Certain of the Group's contracts, including those with its largest customers, contain standard terms and may be terminated by customers at short notice and without cause. The Directors believe these terms are in line with the majority of the industry and that contracts are unlikely to be terminated during a production cycle, however, if these contracts were to be terminated, it could materially harm the financial condition of the Group.

Certain of the Group's contracts, including those with its largest customers, contain termination rights on a change of control. Whilst the Group is not aware of any arrangement which may at a subsequent date result in a change of control, if these contracts were to be terminated, it could materially harm the financial condition of the Group.

#### ***Ability to agree upon contractual arrangements with key partners and customers***

As the Group is at an early stage in the commercialization and marketing of its products, it is also at an early stage of developing relationships with key customers and partners, and there is no assurance that any relationships will result in revenue generating contracts for the Group.

The success of the Group will depend in part upon the agreements it is able to reach with key partners and customers and how these parties perform their obligations under such agreements. There is no assurance that the Group will be able to enter into satisfactory arrangements on favourable terms, or at all, in the future, or that these arrangements will be successful. The amount and timing of resources such third parties will devote to these activities may not be within the Group's control and there is no assurance that such parties will perform their obligations as expected. If the Group is not successful in forming customer relationships in order to sell its future products, or if such arrangements are not satisfactorily performed, this could have an adverse effect on the Company's business, ability to generate revenues, operating results and financial condition.

#### ***Arrangements with Changi Airport***

It is emphasised that the arrangements with Changi Airport as described in this document, whilst at a relatively advanced stage, remain subject to contract and satisfactory trials and there can be no guarantee that the relationship will be a long term success, despite the positive relationship between the parties as at the date of this document.

#### ***Agreements with Close Brothers Limited and Lloyds TSB Commercial Finance Limited***

Richmond Design & Marketing Limited has entered in to two agreements with Close Brothers Limited which contain provisions that Close Brothers Limited may terminate these agreements in the event of a change of control, change in ownership or change of shareholders of the Company or of any person of which the Company is a subsidiary. In the event Close Brothers Limited terminates these agreements, Richmond Design & Marketing Limited would need to pay the outstanding amounts and any costs incurred which would affect the working capital of the Group as a whole.

Richmond Design & Marketing Limited has entered into certain agreements with Lloyds. Lloyds may terminate these agreements in the event of a material change in the composition of the Board of the Richmond Design & Marketing Limited or partners or senior management or any change of 10 percent or more in the immediate or ultimate ownership of the Richmond Design & Marketing Limited's shares or in its constitution or composition unless Lloyds has provided its prior written consent. In the event Lloyds does terminate the Lloyds Debt Purchase Agreements, the Company would need to pay certain fees for the unexpired period of the agreement which would affect the working capital of the Group as a whole.

The assets of the Group are secured against debentures granted in favour of Lloyds. The Group is not aware of any arrangement which may result in Lloyds enforcing its security. In the event the security is enforced, it may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

#### ***Competitive threats***

The Group is engaged in business activities where there are a number of competitors both domestically and internationally. Certain of these competitors are larger and have access to greater financial, technical and marketing resources than the Group. The Group's future success will depend in part upon the Group's ability to retain its competitive position in the market. Any failure to maintain its competitive position may have material adverse effect on the Group's prospects, results of operation and financial condition. The Group may also face competition from new companies that have greater research, development, marketing, financial and personnel resources than the Group.

***Reputation is important in winning contracts with both new and existing customers***

The Group's reputation, in terms of the products and solutions it provides and the way in which it conducts its business, is central to the Group winning contracts with both new and existing customers and consequently its future success. If the Group fails to meet the expectations of these customers and other business partners it may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

The Group's future financial performance depends on its ability to provide both existing and new customers with high quality solutions and a high quality of service. If for any reason the Group is unable to provide customers with high quality solutions and service, it could face customer dissatisfaction and a lack of customer confidence in the Group and its solutions, which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

***Dependence on key executives, managers and technical personnel***

The Group is highly dependent upon key senior management personnel who have extensive experience and knowledge of the Group, its solutions, its customers, its target markets and its business generally. The successful implementation of the Group's growth strategy depends on the continuing availability of senior management and the Group's ability to continue to attract, motivate and retain other highly qualified employees. If members of the Group's senior management depart and adequate succession plans are not put in place, the Group may not be able to find effective replacements in a timely manner, or at all and the Group's business may be disrupted or damaged. In addition, the loss of key members of senior management to competitors may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

***Dependence on ability to attract highly skilled personnel and production staff***

Attracting and retaining highly qualified management, engineers, software development, technical, sales, marketing and support personnel, is a critical component of the future success of the Group's business as is the continued training of such individuals. The Group is also dependent on skilled and unskilled personnel to meet production targets. Competition for such people is high. The Group encounters difficulties in attracting or retaining such individuals. If the Group fails to attract, develop and retain suitable personnel it may be unable to satisfy customer demand, which may have a material adverse effect on the Group's reputation business, prospects results of operation and financial condition.

***Failing to successfully implement and manage its growth strategies***

The Group's growth and future success will be dependent on the success of growth and expansion strategies currently or proposed to be undertaken by the Group. The failure to successfully implement its growth strategy, and therefore a failure to meet customer demand may have a materially adverse effect the Group's prospects, results of operation and financial condition.

The execution of the Group's growth and expansion strategies is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology and enhance its operational and financial systems as well as its procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group and therefore may have a material adverse effect on the Group's prospects, results of operation and financial condition.

There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support any expansion of operations in the future. If the Group fails to manage its expansion effectively, it may have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

***Operational failures***

The Group depends on the performance, reliability and availability of its plant, equipment and information technology systems. Any damage to, or failure of, its equipment and/or systems could result in disruption to the Group's operations. The Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part or damage that it suffers fully or at



all, which could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***Additional Funding Requirements***

The Company's funding following the Placing is expected to be sufficient to substantially support its current growth opportunities. The Company may require additional financing in order to put in place and execute plans for further growth. Failure to obtain such financing on a timely basis could cause the Company to reduce or terminate its operations in this area. If the Company's cash flow from operations and current cash balance are not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on favourable terms.

### ***The Group is reliant on the technical robustness of the Group's software platform***

The success of the Group is dependent on its technical capabilities and it relies to a significant degree on the efficient and uninterrupted operation of its platform and those of its third-party suppliers, including the internet.

Due to its dependency upon technology, and its cloud servers, the Group is exposed to a significant risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third-party suppliers, even for a short period of time, may result in a lack of confidence in the Group's products, with a consequential material adverse effect on the Group's reputation, business, prospects, results of operations and financial condition. The Group's systems are vulnerable to damage or interruption from events including, but not limited to natural disasters, telecommunication failures, power loss, software failures, computer hacking activities, acts of sabotage and acts of war or terrorism.

### ***Product and technology risks***

Products and technologies used within the Group's current market place are constantly evolving and improving. Therefore there is a risk that the Group's current product offering may become outdated or obsolete as improvements in products and technology are made.

Any failure of the Group to ensure that its products and other technology remain up to date with the latest technology may have a material adverse effect on the Group's business, prospects, results of operation and financial condition. The Group's success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends. To mitigate this risk the Group's research and development department seeks to keep up with the latest developments in the industry.

### ***Undetected defects in the products provided by the Group***

The Group's business involves providing customers with reliable solutions. If a product contains undetected defects, errors and/or bugs when first introduced, or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may incur significant additional development costs and product recall, repair or replacement costs, or liability for personal injury or property damage caused by such defects, errors and/or bugs and lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition.

The Group endeavours to negotiate limitations on its liability in its customer contracts where possible, however, defects in its solutions, errors and/or bugs could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to the management team. A successful claim by a customer to recover such losses may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

### ***Investing significant resources to develop new solutions that do not prove effective***

The Group's future success depends on its ability to develop new solutions that appeal to customers. There is no guarantee that the Group's solutions will appeal to new or existing customers or perform as intended. Costs spent on developing changes or additions to the Group's solutions may not attract customers and



therefore not be recouped. The failure of new products to appeal to customers or perform as intended may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

### ***Dependence on key customers***

While the Group supplies products to a number of leading OEMs and key suppliers, it depends on a limited number of large customers for a significant proportion of its revenue. In the last financial year, the Group's two largest customers accounted for approximately 65 per cent. of total revenue with the largest customer accounting for approximately 40 per cent. of total revenue. The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including a decision by a key customer to diversify or change how, or from whom, they source the hardware or services currently provided by the Group, an inability to agree on mutually acceptable pricing terms with any one of its key customers or a significant dispute with or between the Group and one of its key customers. If the Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, it may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

### ***Security breaches of the Group's, supplier's or customer's systems***

The Group is generally exposed to risks in the field of information technology because unauthorised access to or misuse of data processed on its IT systems or those of its third-party service providers (including cloud-based providers), cybercrime, human errors associated therewith or technological failures of any kind could disrupt its operations, including the manufacturing and engineering process. In particular, cybercrime can be technologically sophisticated and it may be difficult or impossible to detect and defend against. A significant malfunction or disruption in the Group's IT systems or those of its third-party service providers (including cloud-based providers), or a security breach that compromises the confidential and sensitive information stored in any of those systems, could disrupt the Group's business and materially affect its intellectual property or reputation.

Although the Group employs security and testing measures for its solutions, these may not protect against all possible security breaches that could harm the Group's or its customers' businesses. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, its business. In addition, a party who is able to circumvent the Group's security measures could, among other things, misappropriate proprietary information, interrupt the Group's operations or expose customers to viruses or other disruptions in their systems. Actual or perceived vulnerabilities may lead to claims against the Group. Whilst the Group will, where possible, seek to ensure that its customer agreements contain provisions that limit the Group's liability, the Group may need to enforce these provisions to enjoy the benefit of them, with the associated risk and expense.

### ***Claims relating to infringement of Intellectual Property Rights of, or by, the Group***

The Group relies on intellectual property law to protect some of its intellectual property rights. Any intellectual property may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

### ***Patents owned by the Group***

The Group owns two patents and has a number of pending patent applications. In the case of patent applications, it is possible that the scope of the claims may be narrowed during the process of examination. Patent applications may be refused completely and even if granted, it is possible for their scope to be further narrowed or for a patent to be fully or partially invalidated, usually as a result of a challenge by a third party.

A granted patent gives its owner a right to prevent other persons from carrying out certain acts or making certain products which come within the scope of the patent in the territory for which it is granted. It does not give its owner the right to carry out such acts or make such products if to do so would infringe a third party's patent. There is also no certainty that any improvement, new use, or new formulation will be patented to extend the protection of the underlying invention, or provide additional coverage to adequately protect the invention. Although the Directors are not aware of any third party patent to which the Group would require a licence to exploit its methodology, such third party patents or patent applications may exist.

The terms in some of the Group's agreements with its employees and/or contractors do not include comprehensive intellectual property provisions therefore, intellectual property rights which are created through the provision of services may not be freely transferable to the Group from third parties. In certain circumstances, inventors may claim that they have not received sufficient profits for the particular invention they have developed and transferred to the Group. As a result, there is no guarantee that the Company will be able to enforce ownership of its intellectual property rights. Its ownership of intellectual property rights may also face challenge and any successful claim that the Group doesn't own certain intellectual property rights may have a significant adverse impact on the Group's profitability and operations.

Furthermore all patents have a limited duration of enforceability. Once a patent expires, the invention disclosed in the patent may be freely used by the public without accounting to the patent owner, as long as there are no other unexpired patents that embrace an aspect of the invention. As a result, the public may have the right freely to use the invention if a patent is not granted or expires and is not renewed for any reason.

The Group protects aspects of its technology by way of trade secrets. Technology protected in this way only retains its commercial value for as long as it remains confidential and the disclosure of its trade secrets could have an adverse effect on the Group.

#### ***Use of third party logos***

The Group uses certain third party logos and names on its website and in promotions, marketing and advertising materials. The Group does not have an explicit licence with such third parties and instead relies on custom and practice to use the logos and names. The unauthorised use of third party IPR by the Group would constitute an infringement of third party IPR and might expose the Group to the risk of third party claims in this respect. If such claims were successful they may have a material adverse effect on the Group's results of operation and financial condition.

#### ***Need for further investment***

The Company may require additional capital in the future for expansion activity and/or business development, whether from equity or debt sources. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned expansion activity and/or business development.

#### ***The Company is subject to risks associated with developments in the applied AI, autonomous vehicle and automotive sectors***

The success of the Company is based on the ability to successfully identify, develop and take to market viable products in the applied AI, autonomous vehicle and automotive sectors. The Company cannot be certain that such a successful outcome is possible. The applied AI, autonomous vehicle and automotive sectors may undergo rapid technological changes, frequent new product introductions and enhancements and evolving industry standards. The Company may encounter unforeseen operational, technical and other challenges.

Autonomous vehicle technology is also subject to considerable regulatory uncertainty as the law evolves to catch up with the rapidly evolving nature of the technology itself, all of which are beyond the Group's control. The Group's vehicles also may not achieve the requisite level of autonomy required for certification and rollout to consumers or satisfy changing regulatory requirements which would require the Group to redesign, modify or update their autonomous hardware and related software systems.

***Changes in automotive and/or aerospace safety regulations or further regulation of the automotive and/or aerospace safety markets***

Government safety regulations could have a substantial impact on the Group's business, prospects, and future plans. Government safety regulations are subject to change based on a number of factors that are not within the Group's control, including new scientific or technological data, adverse publicity regarding industry recalls and safety risks associated with autonomous driving technology, accidents involving autonomous vehicles or aircraft, domestic and foreign political developments or considerations, and litigation relating to autonomous vehicles or aircraft. If government priorities shift and the Group is left unable to adapt to changing regulations, its business may be materially and adversely affected. The costs of complying with safety regulations could increase as regulators impose more stringent compliance and reporting requirements in response to any of the factors listed above.

***Risk management procedures***

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that are publicly available or otherwise accessible to the Group. Failure (or the perception that the Group has failed) to develop, implement and monitor the Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***Product liability risks***

The Group's business will expose it to potential product liability risks. If such claims cannot be successfully defended this could lead to substantial liabilities and/or reputational harm. Whilst the Group maintains insurance at a level it believes appropriate against certain risks commonly insured in the industry there can be no guarantee that the limits or coverage are sufficient or that it can be maintained in the future.

***Insurance***

The Company has insurance coverage which is deemed as satisfactory by the Company in light of its current operations. No guarantee can be given that the Company will be sufficiently insured against any potential claim or that the Company's insurance will be sufficient in light of any expansion of the Company's activities or, indeed, that the Company will be able to procure sufficient insurance in light of such expansion. In the event the Company's insurance should prove insufficient with respect to a claim, such insufficiency may have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

***Currency risk***

Revenue generated by the Group will not always be in pounds sterling and the Group has multiple currency accounts and trades in predominantly sterling, US dollars, Singapore dollars and Euros, and costs incurred by the Group may be in other currencies. As a result it will be subject to foreign currency exchange risks due to exchange rate movements, which will affect the Group's transaction costs and the translation of its results. The Group does not actively seek to limit its exposure through foreign currency hedging arrangements and any losses incurred as result are likely to have an adverse impact on the business, results and financial condition/prospects of the Group.

***Change in the cost of labour***

An increase in labour and employee benefit costs in countries in which the Group operates may adversely affect the Group's operating costs and compromise its competitiveness. A shortage in the labour pool or other general inflationary pressures or changes will also increase the Group's labour costs. Any increases in labour costs could have a material adverse effect on the Group's prospects, operating results and financial condition.

## **RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES**

### ***Economic conditions and current economic weakness***

The Group may be affected by general global market trends which are unrelated to the performance of the Group itself. Demand for autonomous technology depends to a large extent on general, economic, political and social conditions in a given market and can be affected by international trade and demand for its products.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's services. A more prolonged economic downturn may have a material adverse effect on the Group's prospects, results of operation and financial condition.

### ***The Group may be subject to certain risks arising from the conflict in the Ukraine***

The current hostilities in the Ukraine and the resulting sanctions imposed on the Russian Federation by various countries around the world may have unforeseen, long term and far reaching consequences for the global economy and the individual economies of countries to which the Group may be directly or indirectly exposed. In particular, the interruption and/or limitation in the supply of certain natural resources (such as oil and gas) used in manufacturing processes could have an adverse impact on the Group's business, prospects, financial results and results of operations.

### ***Force majeure***

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### ***Legislation and compliance***

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. There can be no assurance that future legislation, rules and practice will not adversely affect the Group's business, prospects, results of operations or financial condition.

### ***A change in the Company's tax status or in taxation legislation in the UK could adversely affect the Company's profits and portfolio value and/or returns to Shareholders***

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Company and/or the returns payable to Shareholders. Any change in the Company's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. Any such change could also adversely affect the net amount of any dividends payable to Shareholders and/or the price of Ordinary Shares.

### ***The imposition of tariffs or non-tariff trade barriers on automobiles and other goods could have a material adverse effect on the Group***

The sales volume of the Group's products and services depends upon the general global economic situation. Particular risks to the economic environment, international trade and demand for its products may arise from rising protectionist sentiment in the Group's key markets and the introduction of further tariff and non-tariff barriers or similar measures due to increasing protectionist tendencies. Since the beginning of 2018, the US administration announced a series of potential measures relating to international trade, which, individually or in aggregate, could have a material adverse impact on the global economy, international trade or the automotive industry.

In addition, new import restrictions, non-tariff trade barriers and/or tariffs could result in higher prices for vehicles, which could in turn have a negative impact on the demand for vehicles and thereby indirectly the Group's products. In addition, the Group's results of operations could also be affected by retaliatory measures from other countries imposing tariffs.

Higher tariffs, or the imposition of tariffs could materially and adversely affect complex supply chains in the automotive industry. The automotive industry supply chain has developed over decades and relies on existing

trade arrangements to provide for cross-border supplies of raw materials, automotive parts and other components. The impact of terminating existing trade arrangements could be materially disruptive to the supply chains resulting in immediate shortages of critical parts and components necessary to manufacture automobiles.

## **RISKS RELATING TO THE ORDINARY SHARES AND ADMISSION**

### ***Transition to a publicly quoted company***

The Group has been successful as a private business whose existing shareholders, for the most part, have been closely involved in the business. One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those association with the AIM Rules, disclosure and financial reporting requirements and enhanced corporate governance. The Directors expect certain Existing Shareholders to continue to be closely involved in the business, particularly the Founders. Whilst the Board has made, and will continue to make, every effort to successfully manage the transition, there can be no assurance that, in the more public environment of a quoted public company, the Group will be able to manage its operations and strategic direction as successfully as it has as a private business or successfully implement the new policies and procedures, and any failure to do so may have a material adverse effect on the Company's reputation, business, prospects, results of operations and financial condition.

### ***Significant shareholder and concert party influence***

On Admission, the Concert Party will hold approximately 60 per cent. of the Enlarged Share Capital. Investors may negatively perceive this level and concentration of share ownership due to the influence that the Concert Party may exert which may adversely affect the market value of the Ordinary Shares. To illustrate this, notwithstanding the terms of the Relationship, as the Concert Party, in aggregate, holds greater than 50 per cent. of the Ordinary Shares in issue from time to time, the Concert Party could prevent the passing of any ordinary or special resolution which the Company may propose. Furthermore, the Concert Party's interests may not be aligned with those of the Group or the other Shareholders which could, for example, delay or prevent an acquisition, a further fundraise or a change of control of the Group.

### ***Investments in AIM companies may attract a higher degree of risk***

The prices of publicly traded securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the company issuing the relevant securities. The Ordinary Shares will not be listed on either of the Official Lists and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on either of the Official Lists. AIM has been in existence since June 1995 but its future success and liquidity in the market for Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

### ***Absence of prior trading market***

Prior to Admission, there has been no public trading market for the Ordinary Shares and a market for the Ordinary Shares may not develop even after Admission. The Placing Price may not be indicative of the market price for the Ordinary Shares following Admission. Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part 3, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.



***If securities or industry analysts do not publish research or reports about the Company's business, or if they downgrade their recommendations, the market price of the Ordinary Shares and their trading volume could decline***

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Company or its businesses. If any of the analysts that cover the Company or its business downgrade it or them, the market price of the Ordinary Shares may decline. If analysts cease coverage of the Company or fail to regularly publish reports on it, the Company could lose visibility in the financial markets, which in turn could cause the market price of the Ordinary Shares and their trading volume to decline.

***The Company may apply the proceeds of the Placing to uses that Shareholders may not agree with and may make investments or incur expenditure that fail to produce income or capital growth or that lose value***

The Company will have considerable discretion in the application of the net proceeds of the Placing and holders of Ordinary Shares must rely on the judgement of the management team regarding the application of such proceeds. The Company's allocation of the net proceeds is based on current plans and business conditions. The amounts and timing of any expenditure will vary depending on the amount of cash generated by the Company's operations and competitive and market developments, among other factors.

***Suitability of the Ordinary Shares as an investment***

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, prospective investors are advised to consult an appropriate independent financial adviser authorised under FSMA if such prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities. The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

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

Although the Company does not intend to declare dividends in the near term, the payment of dividends by the Company to Shareholders in the future will be highly dependent upon performance of the Group. The Company cannot guarantee that it will have sufficient cash resources to pay dividends.

***Future issues of Ordinary Shares may result in immediate dilution of existing Shareholders***

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund future investments. If existing Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing Shares. The issue of additional Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Placing Price.

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

From time to time, publicly traded securities experience significant price and volume fluctuations which may be unrelated to the operating performance of the companies which have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control, including: variations in operating results in the Company's reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, strategic alliances, joint ventures or other capital commitments, additions or departures of key personnel, any shortfall in turnover or net profit



or any increase in losses from levels expected by securities analysts and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

### ***Impact of events affecting companies with comparable business models***

There are a relatively small number of companies with comparable business models to the Company. Accordingly, any event which detrimentally affects one or more companies in this comparator group may adversely affect the value of the Company and the value of the Ordinary Shares.

### ***Market perception***

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

### ***The Ordinary Shares will not be admitted to the Official List***

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

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

### ***Price risk following expiry of the lock-ins***

The market price of Ordinary Shares could decline as a result of any sales of Ordinary Shares by Locked-in Persons following the expiry of the relevant lock-in period, details of which are set out in paragraph 11 of Part V of this document, or the expectation or belief that any such sale of Ordinary Shares may occur.

### ***Risks relating to EIS and VCT***

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

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

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the EIS Placing Shares and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for EIS Placing Shares in the Placing. The availability of EIS Relief and the status of the relevant EIS Placing Shares and/or the VCT Placing Shares as a qualifying holding for VCT purposes will be conditional on (amongst other things) the Company and the investor both

continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS Placing Shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS Placing Shares and VCT Placing Shares will comply with the requirements of respectively the EIS Legislation or the VCT Legislation at or following the Placing and the Placing, that investors will be able to obtain EIS Relief in respect of their subscription for EIS Placing Shares, or that in due course such EIS Relief will not be withdrawn.

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

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

## **GENERAL RISKS**

### ***Health epidemics, including the COVID-19 pandemic***

The spread of COVID-19, which has caused a broad impact globally, has and may continue to materially affect the Group economically. While the potential economic impact brought by, and the duration of, COVID 19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Group's ability to access capital, which could in the future negatively affect the Group's liquidity.

The global pandemic of COVID-19 continues to rapidly evolve. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The full extent of potential delays or impacts on the Group's business or the global economy as a whole remains somewhat unknown. These effects could however, have a material adverse effect on the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares. The Board is monitoring developments relating to COVID-19 and is coordinating its operational response based on guidance from global health organisations, relevant governments and general pandemic response best practices.

## PART 3

### THE PLACING

#### 1. INTRODUCTION

The Placing comprises an offer by the Company of 16,666,667 Placing Shares to raise gross placing proceeds of £8.0 million and net placing proceeds of c.£6.5 million. The Placing Shares have been offered to selected investors at the Placing Price of 48 pence per Placing Share. No offer of securities to the public has been made and the Placing is not underwritten.

The Placing is conditional, *inter alia*, on Admission. The costs incurred by the Company in respect of the Placing and Admission, being c.£1.5 million, include, *inter alia*, commissions and fees payable under the Placing, registrar's fees, admission fees, printing costs, legal, advisory and accounting and tax fees and any other applicable expenses.

#### 2. THE PLACING AGREEMENT

On 12 September 2022, the Company, the Directors and Singer Capital Markets entered into the Placing Agreement, pursuant to the terms of which SCM Securities agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price which are allocated pursuant to the Placing.

The Placing Agreement may be terminated by Singer Capital Markets in certain customary circumstances prior to Admission. The Company has appointed SCM Advisory as nominated adviser, bookrunner and broker to the Company in connection with the Placing.

The obligation of the Company to issue the Placing Shares and the obligation of SCM Securities to procure subscribers for the Placing Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 15 September 2022 (or such later time and/or date, not being later than 13 October 2022, as the Company and Singer Capital Markets may agree; and (iii) the Placing Agreement not having been terminated in accordance with its terms.

In consideration for their services as nominated advisor in relation to the Placing and Admission SCM Advisory will be paid a corporate finance fee.

In consideration for their services as broker and sole bookrunner in relation to the Placing and Admission and conditional upon Admission, SCM Securities will be paid a commission based on the aggregate value of the Placing Shares at the Placing Price issued to Placees.

The Company and the Directors have given customary warranties to Singer Capital Markets concerning, *inter alia*, the accuracy of the information contained in this document and certain matters concerning the business affairs of the Group. The Company has also given customary indemnities to Singer Capital Markets.

Further details of the terms of the Placing Agreement are set out in paragraph 10 of Part 7 of this document.

#### 3. ADMISSION

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on AIM on 15 September 2022. The Ordinary Shares will be in registered form and the Registrar will be responsible for the maintenance of the Shareholder register.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for them and issued or transferred either: (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the Placee's risk, by 28 September 2022; or (b) in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for, which is expected to take place

on 15 September 2022. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued. All documents or remittance sent by or to a place, or as they may direct, will be sent through the post at their risk.

#### **4. TYPICAL INVESTOR**

An investment in the Ordinary Shares is only suitable for institutional investors, private investors who are professionally-advised and/or highly knowledgeable investors who understand and are capable of evaluating the risks and merits of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

## PART 4

### HISTORICAL FINANCIAL INFORMATION

#### Section A

##### Accountant's Report on the Historical Financial Information of RDM Group Limited



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12 September 2022

The Partners  
Singer Capital Markets Advisory LLP  
One Bartholomew Lane  
London  
EC2N 2AX

Dear Sir or Madam

**RDM Group Limited (the “Company”) and its subsidiaries (together, the “Group”): proposed placing and admission to AIM, a market operated by London Stock Exchange plc (the “London Stock Exchange”)**

#### Introduction

We report on the financial information set out in Section B of Part 4 of the admission document dated 12 September 2022 of Aurigo International plc (the “Admission Document”).

#### Qualified Opinion on financial information

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2019, 31 December 2020 and 31 December 2021 and of its results, cash flows, and changes in equity for the respective periods stated above in accordance with UK Adopted International Accounting Standards.

#### Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Accounting Standards as adopted by the United Kingdom.

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

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

### **Basis of preparation**

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

### **Basis for qualified opinion**

The statutory accounts for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 have not been audited because the Group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. Therefore, an independent auditor did not observe the counting of physical inventory at those dates. In addition, audit procedures to physically verify the autonomous vehicles classified as inventory or property plant and equipment did not take place at those dates. We were unable to satisfy ourselves by using alternative procedures of the inventory quantities held which were included in the balance sheets at £622,078, £481,101 and £480,757 held at 31 December 2020, 31 December 2019 and 31 December 2018 respectively or the property plant and equipment classified as autonomous vehicles of £78,393, £51,934 and £Nil at 31 December 2020, 2019 and 2018 respectively. Consequently, we were unable to determine whether any adjustment to the disclosed amounts at 31 December 2020, 31 December 2019 and 31 December 2018 was necessary or any consequential effect on the cost of sales or depreciation charges for the years ended 31 December 2019 and 31 December 2020.

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

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

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

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

### **Conclusions relating to going concern**

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document.

Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.





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**Declaration**

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

Yours faithfully

**BDO LLP**

*Chartered Accountants*

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

## PART 4

### HISTORICAL FINANCIAL INFORMATION

#### Section B

#### Historical financial information of RDM Group Limited

#### Consolidated Statement of Comprehensive Income

	Notes	31 December 2021 £	31 December 2020 £	31 December 2019 £
<b>Revenue</b>	4	5,267,064	4,082,722	5,678,222
Cost of Sales		(3,446,539)	(2,702,015)	(3,067,470)
<b>Gross profit</b>		<u>1,820,525</u>	<u>1,380,707</u>	<u>2,610,752</u>
Other operating income	5	168,474	474,623	418,718
Impairment losses and gains on trade and other receivables	7	36,000	(84,940)	–
Expenditure		(1,636,461)	(1,612,485)	(1,583,979)
<b>EBITDA*</b>	8	<u>388,538</u>	<u>157,905</u>	<u>1,445,491</u>
Depreciation	8	(184,806)	(230,494)	(219,568)
Amortisation	8	(3,523)	(2,091)	(515)
<b>Operating profit/(loss)</b>		<u>200,209</u>	<u>(74,680)</u>	<u>1,225,408</u>
Interest receivable	10	–	–	50,406
Finance costs	11	(22,306)	(23,140)	(29,141)
<b>Profit/(loss) before tax</b>		<u>177,903</u>	<u>(97,820)</u>	<u>1,246,673</u>
Taxation	12	(106,735)	(12,672)	(160,940)
<b>Net profit/(loss)</b>		<u>71,168</u>	<u>(110,492)</u>	<u>1,085,733</u>
<b>Total comprehensive income/(loss) for the year attributable to equity shareholders of the parent</b>		<u><u>71,168</u></u>	<u><u>(110,492)</u></u>	<u><u>1,085,733</u></u>
<b>Basic EPS (£/share)</b>	14	<u><u>0.06</u></u>	<u><u>(0.09)</u></u>	<u><u>0.90</u></u>
<b>Diluted EPS (£/share)</b>	14	<u><u>0.06</u></u>	<u><u>(0.09)</u></u>	<u><u>0.90</u></u>

\* EBITDA refers to earnings before interest, tax, depreciation and amortisation and impairment.

## Consolidated Statement of Financial Position

	Notes	31 December 2021 £	31 December 2020 £	31 December 2019 £	1 January 2019 £
<b>Non-current assets</b>					
Intangible assets	15	4,395,844	3,193,930	1,976,285	87,255
Property, plant and equipment	16	71,472	82,249	60,290	27,374
Right of use assets	17	165,507	315,907	504,890	590,740
Deferred tax asset	24	2,955	3,800	3,536	2,013
<b>Total non-current assets</b>		<u>4,635,778</u>	<u>3,595,886</u>	<u>2,545,001</u>	<u>707,382</u>
<b>Current assets</b>					
Inventories	18	777,669	622,078	481,101	480,757
Trade and other receivables	19	1,163,738	991,723	1,709,983	1,542,025
Current tax receivable		324,428	334,438	291,758	124,718
Cash and cash equivalents		1,291,566	1,603,159	1,349,031	1,256,329
<b>Total current assets</b>		<u>3,557,401</u>	<u>3,551,398</u>	<u>3,831,873</u>	<u>3,403,829</u>
<b>Total assets</b>		<u>8,193,179</u>	<u>7,147,284</u>	<u>6,376,874</u>	<u>4,111,211</u>
<b>Current liabilities</b>					
Borrowings	20	(30,000)	(30,000)	–	–
Trade and other payables	22	(1,078,896)	(804,301)	(1,089,017)	(829,042)
Current tax payable		–	(8,231)	(15,795)	–
Lease liability	21	(155,474)	(158,994)	(199,820)	(152,820)
<b>Total current liabilities</b>		<u>(1,264,370)</u>	<u>(1,001,526)</u>	<u>(1,304,632)</u>	<u>(981,862)</u>
<b>Net current assets</b>		<u>2,293,031</u>	<u>2,549,872</u>	<u>2,527,241</u>	<u>2,421,967</u>
<b>Total assets less current liabilities</b>		<u>6,928,809</u>	<u>6,145,758</u>	<u>5,072,242</u>	<u>3,129,349</u>
<b>Non-current liabilities</b>					
Borrowings	20	(85,000)	(115,000)	–	–
Deferred grant income	5	(2,943,740)	(2,097,118)	(904,956)	(67,186)
Lease liability	21	(25,645)	(176,915)	(323,684)	(457,792)
Deferred tax provision	24	(351,155)	(204,624)	(181,009)	(7,511)
<b>Total non-current liabilities</b>		<u>(3,405,540)</u>	<u>(2,593,657)</u>	<u>(1,409,649)</u>	<u>(532,489)</u>
<b>Total liabilities</b>		<u>(4,669,910)</u>	<u>(3,595,183)</u>	<u>(2,714,281)</u>	<u>(1,514,351)</u>
<b>Net assets</b>		<u>3,523,269</u>	<u>3,552,101</u>	<u>3,662,593</u>	<u>2,596,860</u>
<b>Equity attributable to equity holders of the Group</b>					
Share capital	26	12	12	12	12
Retained profits		<u>3,523,257</u>	<u>3,552,089</u>	<u>3,662,581</u>	<u>2,596,848</u>
<b>Total equity</b>		<u>3,523,269</u>	<u>3,552,101</u>	<u>3,662,593</u>	<u>2,596,860</u>

## Consolidated Statement of Changes in Equity

	Note	Share capital £	Share Premium £	Retained profits £	Total £
<b>Balance at 1 January 2019</b>		12	–	2,588,775	2,588,787
Impact of IFRS adoption	32	–	–	8,073	8,073
<b>Revised brought forward</b>		12	–	2,596,848	2,596,860
<i>Comprehensive profit/(loss) for the year ended 31 December 2019:</i>					
Profit/(loss) for the year		–	–	1,085,733	1,085,733
<b>Total comprehensive profit/(loss) for the year</b>		–	–	1,085,733	1,085,733
<i>Transactions with owners recorded directly in equity for the year ended 31 December 2019:</i>					
Dividends paid	13	–	–	(20,000)	(20,000)
<b>Balance at 31 December 2019</b>		12	–	3,662,581	3,662,593
<i>Comprehensive profit/(loss) for the year ended 31 December 2020:</i>					
Profit/(loss) for the year		–	–	(110,492)	(110,492)
<b>Total comprehensive profit/(loss) for the year</b>		–	–	(110,492)	(110,492)
<i>Transactions with owners recorded directly in equity for the year ended 31 December 2020:</i>					
Dividends paid		–	–	–	–
<b>Balance at 31 December 2020</b>		12	–	3,552,089	3,552,101
<i>Comprehensive profit/(loss) for the year ended 31 December 2021:</i>					
Profit for the year		–	–	71,168	71,168
<b>Total comprehensive profit/(loss) for the year</b>		–	–	71,168	71,168
<i>Transactions with owners recorded directly in equity for the year ended 31 December 2021:</i>					
Dividends paid	13	–	–	(100,000)	(100,000)
<b>Balance at 31 December 2021</b>		12	–	3,523,257	3,523,269

## Consolidated Statement of Cash Flows

	Note	Year Ended 31 December 2021 £	Year Ended 31 December 2020 £	Year Ended 31 December 2019 £
<b>Cash flows from operating activities:</b>				
(Loss)/profit for the year		71,168	(110,492)	1,085,733
<i>Adjustments for:</i>				
Tax charge		106,735	12,672	160,940
Finance costs	11	22,306	23,140	29,141
Finance income	10	–	–	(50,406)
Amortisation of intangible assets	8	3,523	2,091	515
Depreciation of tangible assets	8	184,806	230,494	219,568
Impairments of debts from third parties		(36,000)	89,000	–
Non cash grant income		(13,362)	(2,672)	–
Loss on disposal of assets		59	–	–
		<u>339,235</u>	<u>244,233</u>	<u>1,445,491</u>
<i>Changes in working capital:</i>				
(Increase) in inventories		(155,591)	(140,977)	(344)
(Increase)/Decrease in trade and other receivables	19	(172,015)	718,260	(167,959)
(Decrease)/Increase in trade and other payables	22	<u>274,596</u>	<u>(284,716)</u>	<u>209,975</u>
Cash from operations		286,225	536,800	1,487,163
Income taxes (paid)/received		<u>42,419</u>	<u>(39,565)</u>	<u>(140,210)</u>
<b>Net cash inflow from operating activities</b>		<u><u>328,644</u></u>	<u><u>497,235</u></u>	<u><u>1,346,953</u></u>
<b>Cash flows from investing activities</b>				
Interest received	10	–	–	50,406
Capitalised development costs	15	(1,174,085)	(1,198,066)	(1,871,874)
Grant income on capitalised research and development		846,622	1,192,162	837,770
Purchase of intangible assets	15	(31,352)	(21,670)	(17,671)
Purchase of property, plant and equipment	16	(15,957)	(41,217)	(63,634)
Loans to third parties	27	–	(238,000)	(100,000)
Repayment of loans issued to third parties	27	<u>36,000</u>	<u>149,000</u>	<u>150,000</u>
<b>Net cash (used in) investing activities</b>		<u><u>(338,772)</u></u>	<u><u>(157,791)</u></u>	<u><u>(1,015,003)</u></u>
<b>Cash flow from financing activities</b>				
Interest paid	11	(22,306)	(23,140)	(29,141)
Dividends paid	13	(100,000)	–	(20,000)
Proceeds from new bank loans and borrowings	20	–	150,000	–
Repayments of bank loans and borrowings	20	(16,638)	(2,328)	–
Payment of lease obligations	21	<u>(162,521)</u>	<u>(209,848)</u>	<u>(190,107)</u>
<b>Net cash (used in) financing activities</b>		<u><u>(301,465)</u></u>	<u><u>(85,316)</u></u>	<u><u>(239,248)</u></u>
Net cash (decrease)/increase in cash		(311,593)	254,128	92,702
Cash and cash equivalents at beginning of the period		<u>1,603,159</u>	<u>1,349,031</u>	<u>1,256,329</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>1,291,566</u></u>	<u><u>1,603,159</u></u>	<u><u>1,349,031</u></u>

## Note to the Cash Flow Statement

	1 January 2019 £	Cashflows	New Leases	Non-cash movements Accrued Interest	Other	31 December 2019 £
Bank loans	–	–	–	–	–	–
Other borrowings	–	–	–	–	–	–
Lease liabilities	610,612	(190,107)	102,999	–	–	523,504
<b>Total debt</b>	<u>610,612</u>	<u>(190,107)</u>	<u>102,999</u>	<u>–</u>	<u>–</u>	<u>523,504</u>
	1 January 2020 £	Cashflows	New Leases	Accrued Interest	Other	31 December 2020 £
Bank loans	–	147,672	–	–	(2,672)	145,000
Other borrowings	–	–	–	–	–	–
Lease liabilities	523,504	(209,848)	22,253	–	–	335,909
<b>Total debt</b>	<u>523,504</u>	<u>(62,176)</u>	<u>22,253</u>	<u>–</u>	<u>(2,672)</u>	<u>480,909</u>
	1 January 2021 £	Cashflows	New Leases	Accrued Interest	Other	31 December 2021 £
Bank loans	145,000	(16,638)	–	–	(13,362)	115,000
Other borrowings	–	–	–	–	–	–
Lease liabilities	335,909	(162,521)	7,672	–	59	181,119
<b>Total debt</b>	<u>480,909</u>	<u>(179,159)</u>	<u>7,672</u>	<u>–</u>	<u>(13,303)</u>	<u>296,119</u>

The amount of £13,362 (2020: £2,672; 2019: £nil) within bank loans other column relates to the Business Interruption Payments adjustment on the Coronavirus Business Interruption Loan Scheme (CBILS) loan.

The amount of £59 (2020: £nil; 2019: £nil) within lease liabilities other column relates to a lease modification under IFRS 16.



## Notes to the Financial Statements

### 1. Company information

RDM Group Limited ("**RDM Group**") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 33, Bilton Industrial Estate, Humber Avenue, Coventry, United Kingdom, CV3 1JL. The consolidated historical financial statements of the RDM Group for the years ended 31 December 2019, 2020 and 2021 comprise RDM Group Limited and all of its subsidiaries.

The principal activity of the RDM Group is that of the supply of electrical components to the automotive industry and the development of electric autonomous vehicles.

### 2. Accounting policies

The accounting policies applied in the preparation of these consolidated historical financial statements are set out below. These policies have been consistently applied to the years presented to the RDM Group, unless otherwise stated.

#### 2.1 Basis of preparation

These historical financial statements present the financial track record of RDM Group, as a Group, for the three financial years ended 31 December 2021 and is prepared for the purposes of admission to the Alternative Investment Market ("AIM"), a market operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, in accordance with UK adopted international accounting standards.

The consolidated historical financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the RDM Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The consolidated historical financial statements are presented in Pound Sterling and all values are rounded to the nearest £1 except when otherwise indicated.

These historical financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The RDM Group statutory historical financial statements for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 were prepared in accordance with FRS 102. The historical financial statements for these periods have been delivered to the Registrar of Companies.

The statutory accounts for the year ended 31 December 2019 and the year ended 31 December 2020 have not been audited as in previous years all members of the RDM Group Limited were entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The RDM Group statutory accounts for the year ended 31 December 2021 have been audited and a qualified opinion was issued on the basis that as the auditors were appointed on 29 November 2021 they did not observe the counting of physical inventories at the beginning of the year ended 31 December 2021. In addition they were unable to verify the existence and completeness of

autonomous vehicles at the beginning of the year ended 31 December 2021 which are classified as either inventory or tangible fixed assets depending on their purpose. In addition to being unable to determine whether any adjustments might have been necessary to the group balance sheet, since opening inventories and depreciation charges also enter into the determination of the financial performance of the RDM Group, the auditors were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the RDM Group profit and loss account and net cash flows from operating activities reported in the group statement of cash flows.

The preparation of the historical financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the RDM Group management to exercise judgment in applying the RDM Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the historical financial statements and their effect are disclosed in note 3. In particular, the RDM Group recognises development costs as an intangible asset from the date at which the recognition criteria under IAS 38 (note 2.7) is met. As the RDM Group previously had a policy of writing off development costs as incurred under previous UK GAAP, a review was undertaken during the preparation of these historical financial statements and conversion to IFRS, and subsequently development costs which met the recognition criteria have been capitalised as a transitional adjustment (note 32).

The financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the United Kingdom ("**UK**"). IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**") as adopted in the UK that are in effect as at 31 December 2021 ("**Adopted IFRS**"). The policies set out below have been applied consistently throughout all the periods presented to items considered material to the consolidated financial information.

In preparing the historical financial statements, the RDM Group's opening statement of financial position was prepared as at 1 January 2019, the RDM Group's date of transition to IFRS. In compliance with the requirements of IFRS 1, a statement of financial position as at the date of transition of 1 January 2019 has been presented in note 32. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the RDM Group is provided in note 32.

## 2.2 **Going concern**

The historical financial statements have been prepared on a going concern basis, which assumes that the RDM Group will continue in operational existence for the foreseeable future.

The directors have prepared detailed profit and cash flow forecasts for the RDM Group for a period to December 2024. Based on this review, the directors consider the RDM Group to have sufficient resources to continue trading for a period of at least 12 months from the date of approval of the financial statements, being able to meet its liabilities as and when they fall due.

The RDM Group has access to a 12 month rolling maximum £700,000 invoice discounting facility with its bankers which could be utilised should short term liquidity issues arise, however the directors do not envisage this being necessary.

The World Health Organisation declared Covid-19 a global pandemic on the 11 March 2020, during the financial year to 31 December 2020. In response to such economic uncertainty and the worldwide restrictions put in place, the RDM Group undertook a series of measures to ensure that the business would be able to operate in the short and long term, not knowing when the situation may improve. Such measures have ensured continued strong cash positions for the RDM Group throughout the pandemic. At the point of signing of the financial statements, automotive and travel industries are reopening.

Following the Russian invasion of Ukraine in February 2022 and the related economic sanctions imposed by various governments, the directors are actively monitoring the situation and will assess any impact as it is deemed to arise. The Board recognises that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Group.

As at the date of approval of the financial information the direct impact has not been significant, the Group does not supply customers in this region and supply chain has not been disrupted. The indirect implication such as cost inflation is being monitored closely to ensure action is taken to maintain margins. Demand remains in line with expectations and the Board is satisfied there is sufficient headroom in the forecasts to respond to ongoing disruption arising from the conflict.

This financial information is provided for the purpose of obtaining a listing on AIM, as explained in note 2.1 'Basis of preparation'. As part of this listing the RDM Group plans to obtain a cash injection from the issue of new equity share capital. In the event that the listing does not proceed, the existing funds will be sufficient for its present requirements for at least the next twelve months and so no material uncertainties related to going concern arise. However, should the listing be successful, this will increase the working capital available to the RDM Group to fully exploit the market opportunity that exists for autonomous vehicles and the development assets, whilst giving increased headroom for day to day operations. Consequently, the directors have prepared the historical financial information on a going concern basis.

### 2.3 **Basis of consolidation**

The consolidated historical financial information presents the results of RDM and its own subsidiaries ("**the RDM Group**") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The RDM Group financial information consolidates those of RDM and the subsidiaries that RDM has control of. Control is established when RDM is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The consolidated historical financial information incorporates the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised as 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 control ceases.

### 2.4 **Revenue**

The RDM Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the RDM Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

#### *Supply of electrical components*

Goods are supplied under contracts where the key performance criteria for the RDM Group are the manufacturing and delivery of the products. The fair value of the revenue, being the price per unit net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the RDM Group's premises.

#### *Supply of autonomous vehicles*

Vehicles are supplied under contracts where the key performance criteria for the RDM Group are the manufacturing and delivery of the vehicles. The fair value of the revenue, being the price per vehicle net of volume discounts and sales taxes, are recognised as revenue at the point of transfer of control to the customer, which is typically on dispatch from the RDM Group's premises.

### 2.5 **Research and development expenditure credits**

Where the RDM Group receives research and development expenditure credits ("**RDEC**") it accounts for these as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, under IAS 20 'Accounting for Government Grants and Disclosures'.

As well as receiving RDEC, the RDM Group also receives R&D tax credits on the development expenditure it makes on the commercial projects it undertakes. These taxation credits are considered to reflect enhanced tax relief and as such are shown as a reduction in income tax or an increase in receivables due from HM Revenue & Customs.

## 2.6 **Grants**

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. A grant received before the recognition criteria are satisfied is recognised as deferred income.

## 2.7 **Development assets**

Research expenditure is written off against profits in the year in which it is incurred.

Development costs that are directly attributable to the design and testing of vehicles, systems and software products controlled by the RDM Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product such that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

As a result of the above, costs have only been capitalised from the point at which certain projects became commercially feasible.

Directly attributable costs that are capitalised as part of the vehicle, system or software include employee and contractor costs. Other development expenditures that do not meet these criteria, as well as ongoing maintenance and costs associated with routine upgrades and enhancements, are recognised as an expense, as incurred. Where grant income has been received as part of the development process the whole cost of the asset is capitalised and the associated grant income is deferred and shown within payables.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

Development costs capitalised are in relation to the manufacture of autonomous vehicles which are not in commercial production yet and therefore not currently being amortised.

## 2.8 **Property, plant and equipment**

Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the RDM Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Plant and equipment	25% straight line
Fixtures and fittings	20% straight line
Tooling	25-33% straight line
Motor vehicles	20% straight line

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for prospectively.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

## 2.9 **Leases**

The RDM Group has applied IFRS 16 'Leases' in accounting for its leases. All qualifying leases are recognised as a right of use asset and a corresponding lease liability is recognised at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being between 5-6 per cent. The interest element of finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period. The property, plant and equipment acquired under leases is depreciated over the shorter of the useful life of the asset and the lease term.

In applying IFRS 16 for the first time as part of the wider first-time adoption of IFRS's, the RDM Group utilised a number of practical expedients as permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- Excluding initial direct costs for the measurement of the right of use assets as at the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As the leases are used for trading purposes, the interest expense is recognised as an operating cashflow, which also matches the recognition of the amortisation expense on the right of use asset.

## 2.10 **Inventory**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventory over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## 2.11 **Impairment of non-financial assets (excluding accrued revenues and deferred tax assets)**

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs, for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

## 2.12 **Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

## 2.13 **Financial instruments**

### *Financial assets*

Financial assets are recognised in the RDM Group's Statement of Financial Position when the RDM Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets. At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

### *Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

### *Financial assets held at amortised cost*

Financial instruments are classified as financial assets measured at amortised cost 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 arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment if necessary.

This category applies to trade and other receivables due from customers in the normal course of business. Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

The RDM Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.



#### *Financial assets at fair value through other comprehensive income*

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the RDM Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

#### *Impairment of financial assets*

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

The RDM Group applies a forward-looking model of IFRS 9 to create an estimation of the expected credit losses arising in the next year on its financial assets, using an expectation derived from historical irrecoverable percentages as adjusted for predicted credit risk adjustments arising through forecast market changes.

If an asset is impaired, the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### *Financial liabilities*

The RDM Group recognises financial debt when the RDM Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the RDM Group's obligations are discharged, cancelled, or they expire.

### **2.14 Equity instruments**

Equity instruments issued by RDM are recorded at the proceeds received, net of transaction costs.

### **2.15 Earnings per share**

This historical financial information is in the scope of IAS 33 'Earnings per share'. Basic Earnings per share is calculated by dividing the profit for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Details of the calculations presented under this are given in note 14.

### **2.16 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The RDM Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### *Deferred tax*

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

### **2.17 Employee benefits**

The RDM Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term benefits, including

holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

## **2.18 Retirement benefits**

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

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

## **2.19 Foreign exchange**

### *Functional and presentation currency*

The RDM Group's functional and presentation currency is GBP.

### *Transactions and balances*

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'cost of sales'.

### *Translation of overseas operations*

The assets and liabilities of foreign operations are translated to the RDM Group's presentation currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

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

## **2.20 Related party disclosures**

Details of transactions between RDM and any related parties which require disclosure under International Accounting Standard 24 'Related Party Disclosures' are given in note 27. Transactions between RDM and its subsidiaries, which are related parties, have been eliminated on consolidation for the RDM Group and are not disclosed.

## 2.21 **Standards, amendments and interpretations in issue but not yet effective**

At the authorisation of these historical financial statements, the RDM Group has not applied the following new and revised standards that have been issued but are not effective yet:

	<i>Effective date – period beginning on or after</i>
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2022
Property, Plant and Equipment: Proceeds before intended use: amendments to IAS 16	1 January 2022
Onerous Contracts- Cost of Fulfilling a Contract- amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023 *
Amendments to IFRS 17	1 January 2023 *
Amendments to IFRS 10 and IAS 28 Sale of contribution of assets between an investor and its Associate or Joint Venture	1 January 2023 *
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023 *
Definition of an Accounting Estimate (Amendments to IAS 8)	1 January 2023 *
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)	1 January 2023 *

\* These standards, amendments and interpretations have not yet been endorsed by the UK and the dates shown are the expected dates.

The adoption of all above standards is not expected to have any impact on the RDM Group's historical financial statements.

## 3. **Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The RDM Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities in the next financial year are as follows:

### (i) **Going concern**

Information on the going concern assessment of the RDM Group is set out in detail in the section 'Going concern' in note 2.2.

### (ii) **Useful lives and impairment of non-current assets (including right of use assets)**

Depreciation/amortisation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the RDM Group's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten/increase then depreciation/amortisation charges in the historical financial information would increase/decrease and carrying amounts of tangible assets would change accordingly.

The RDM Group is required to consider, on an annual basis, whether indications of impairment relating to such assets exist and if so, perform an impairment test. The recoverable amount is determined based on the higher of value in use calculations or fair value less costs to sell. The use of value in use method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Directors are satisfied that all recorded assets will be fully recovered from expected future cash flows.

(iii) **Capitalisation of development costs**

As outlined in note 2.6 the RDM Group recognises as intangible fixed assets development costs that are considered to meet the relevant capitalisation criteria. The measurement of such costs and assessment of their eligibility in line with the appropriate capitalisation criteria requires judgement and estimation around the time spent by eligible staff on development, expectations around the ability to generate future economic benefit in excess of cost and the point at which technical feasibility is established.

(iv) **Deferred taxation**

The RDM Group makes provision for anticipated tax consequences based on the likelihood of whether additional taxes may arise.

(v) **Autonomous vehicles**

The directors make a judgement as to the appropriate classification of each autonomous vehicle constructed during a period. Where vehicles are constructed for sale, autonomous vehicles are classified as inventory and are measured at the lower of cost and estimated selling price less costs to complete and sell. Where vehicles are intended for use on a continuing basis in the group's activities they are classified as tangible fixed assets and are measured at depreciated cost. Estimation is applied when determining labour and overheads absorbed during the construction of vehicles as well as estimating likely selling price less costs to complete and sell.

#### 4. Operating segments

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the RDM Group that are regularly reviewed by the RDM Group's chief operating decision maker. The chief operating decision maker of the RDM Group is considered to be the Board of Directors. The RDM Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The conclusion is that the RDM Group has two operating segments as follows:

- Electronical components – the supply of electrical components for use in the automotive sector and across other industrial applications.
- Autonomous vehicles – the design, development and manufacture of autonomous vehicles.

Where costs cannot be meaningfully allocated to either primary operating segment, these are allocated as central costs and overheads.

The revenues are allocated to the following operating segments:

	31 December 2021			
	Electrical components	Autonomous vehicles	Central	Total
	£	£	£	£
Revenue	4,914,215	352,849	–	5,267,064

	31 December 2020			
	Electrical components	Autonomous vehicles	Central	Total
	£	£	£	£
Revenue	3,652,319	430,403	–	4,082,722

	31 December 2019			
	Electrical components	Autonomous vehicles	Central	Total
	£	£	£	£
Revenue	4,666,195	1,012,027	–	5,678,222

All revenue is recognised at a point in time when the single performance obligation is satisfied and the product is sold to the customer. This is usually at the point that the customer has signed for the delivery of the goods and the significant risks and rewards of ownership of the goods has transferred to the customer.

As the Group has not previously been subject to the requirements of IFRS 8, it has not tracked its costs in a manner consistent with the requirements of IFRS 8. However, it is able to present the majority of its direct costs split on a reasonable basis for the operating segments identified, with any non-allocated income and costs presented within the central segment. The results are allocated to the following operating segments:

	<i>31 December 2021</i>			
	<i>Electrical components</i>	<i>Autonomous vehicles</i>	<i>Central</i>	<i>Total</i>
	£	£	£	£
Revenue	4,914,215	352,849	–	5,267,064
Cost of sales	(3,416,879)	(29,660)	–	(3,446,539)
Gross profit	1,497,336	323,189	–	1,820,525
Other operating income	–	148,356	20,118	168,474
Impairment losses and gains on trade and other receivables	–	–	36,000	36,000
Expenditure	–	–	(1,636,461)	(1,636,461)
EBITDA	1,497,336	471,545	(1,580,343)	388,538
Depreciation and amortisation	–	–	(188,329)	(188,329)
Operating profit/(loss)	1,497,336	471,545	(1,768,672)	200,209
Interest receivable	–	–	–	–
Finance costs	–	–	(22,306)	(22,306)
Profit/(loss) before tax	1,497,336	471,545	(1,790,978)	177,903

	<i>31 December 2020</i>			
	<i>Electrical components</i>	<i>Autonomous vehicles</i>	<i>Central</i>	<i>Total</i>
	£	£	£	£
Revenue	3,652,319	430,403	–	4,082,722
Cost of sales	(2,664,879)	(37,136)	–	(2,702,015)
Gross profit	987,440	393,267	–	1,380,707
Other operating income	–	174,545	300,078	474,623
Impairment losses and gains on trade and other receivables	–	–	(84,940)	(84,940)
Expenditure	–	–	(1,612,485)	(1,612,485)
EBITDA	987,440	567,812	(1,397,347)	157,905
Depreciation and amortisation	–	–	(232,585)	(232,585)
Operating profit/(loss)	987,440	567,812	(1,629,932)	(74,680)
Interest receivable	–	–	–	–
Finance costs	–	–	(23,140)	(23,140)
Profit/(loss) before tax	987,440	567,812	(1,653,072)	(97,820)



	31 December 2019			
	Electrical components	Autonomous vehicles	Central	Total
	£	£	£	£
Revenue	4,666,195	1,012,027	–	5,678,222
Cost of sales	(3,030,879)	(36,591)	–	(3,067,470)
Gross profit	1,635,316	975,436	–	2,610,752
Other operating income	–	418,718	–	418,718
Impairment losses and gains on trade and other receivables	–	–	–	–
Expenditure	–	–	(1,583,979)	(1,583,979)
EBITDA	1,635,316	1,394,154	(1,583,979)	1,445,491
Depreciation and amortisation	–	–	(220,083)	(220,083)
Operating profit/(loss)	1,635,316	1,394,154	(1,804,062)	1,225,408
Interest receivable	–	–	50,406	50,406
Finance costs	–	–	(29,141)	(29,141)
Profit/(loss) before tax	1,635,316	1,394,154	(1,782,797)	1,246,673

Revenue from customers who individually accounted for more than 10 per cent. of total Group revenue amounted to £3,418,073 (2020: £2,615,656; 2019 £3,442,723) from three customers, as follows:

	2021 £	2020 £	2019 £
Customer 1	1,432,471	1,017,026	1,278,345
Customer 2	1,985,602	1,598,630	2,164,378
	<u>3,418,073</u>	<u>2,615,656</u>	<u>3,442,723</u>

Revenue from each of the above customers is recognised in the supply of electrical components segment.

#### **Revenue analysed by geographical market**

	2021 £	2020 £	2019 £
United Kingdom	4,942,661	3,707,452	5,286,030
Europe	121,593	110,589	39,973
Rest of the world	202,810	264,681	352,219
	<u>5,267,064</u>	<u>4,082,722</u>	<u>5,678,222</u>

#### **Assets and liabilities related to contracts with customers:**

The RDM Group had no contract assets or contract liabilities at the year end (2020: £nil; 2019: £nil).

#### **5. Other operating income**

	2021 £	2020 £	2019 £
Government grants	23,380	323,857	231,210
Research and development expenditure credit	145,094	150,766	187,508
	<u>168,474</u>	<u>474,623</u>	<u>418,718</u>

Government grants comprise the following:

- Covid-19 job retention scheme grant totalling £6,756 (2020: £297,406; 2019: £nil) which is credited to the income statement in the period in which the expenditure for which it is intended to contribute towards has been incurred;
- other Coronavirus support of £13,362 (2020: £2,672; 2019: £nil); and
- other grant income of £3,262 (2020: £23,779; 2019: £231,120) in relation to Innovate UK, Australian and Canadian equivalents, and UK local government bodies.

The Group has recognised the following liabilities in relation to other grant income:

	2021 £	2020 £	2019 £
At 1 January	2,097,118	904,956	67,186
Value of grant income to which entitlement was established in the year	849,884	1,215,941	1,068,980
Amounts recognised in other operating income during the year	(3,262)	(23,779)	(231,210)
At 31 December	<u>2,943,740</u>	<u>2,097,118</u>	<u>904,956</u>

All deferred grant income shown above is held as a non-current liability as its release is dependent on when amortisation of development costs begins. The directors expect that a significant majority, if not all of the balance, will not occur within one year.

## 6. Staff costs and numbers

Employee costs (including directors) which have been expensed to the statement of profit and loss are as follows:

	2021 £	2020 £	2019 £
<i>Employee costs (including directors):</i>			
Wages and salaries	1,128,456	993,150	1,173,246
Social security costs	98,351	95,700	114,863
Contributions to defined benefit pension scheme	65,977	54,371	18,356
Total employment costs	<u>1,292,784</u>	<u>1,143,221</u>	<u>1,306,465</u>

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

	2021 Number	2020 Number	2019 Number
Directors	2	2	2
Production	23	30	31
Research and development	13	13	14
Sales	1	2	2
Administration	10	10	18
Total average number of employees	<u>49</u>	<u>57</u>	<u>67</u>

The geographic analysis of these employees is:

	2021 Number	2020 Number	2019 Number
United Kingdom	49	57	59
Australia	–	–	8
Total average number of employees	<u>49</u>	<u>57</u>	<u>67</u>

In addition to the above, further employee costs have been incurred as part of the development costs in each period, and are shown within additions in note 15. The total employment costs which have been capitalised as development are:

	2021 £	2020 £	2019 £
<i>Employee costs (including Directors):</i>			
Wages and salaries	859,947	853,740	1,016,850
Social security costs	98,739	103,812	116,950
Contributions to defined benefit pension scheme	51,320	15,862	12,280
Total employment costs	<u>1,010,006</u>	<u>973,414</u>	<u>1,146,080</u>

#### **Directors' emoluments**

	2021 £	2020 £	2019 £
Remuneration for qualifying services	188,260	188,405	142,467
Contributions to defined benefit pension scheme	52,849	41,503	–
Total employment costs	<u>241,109</u>	<u>229,908</u>	<u>142,467</u>

In addition to the above, further employee costs have been incurred as part of the development costs in each period, as disclosed in note 15. The employment costs relating to directors which have been capitalised as development are:

	2021 £	2020 £	2019 £
Remuneration for qualifying services	141,740	99,595	187,533
Contributions to defined benefit pension scheme	39,789	795	–
Total employment costs	<u>181,529</u>	<u>100,390</u>	<u>187,533</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2; 2019: 0).

## **7. Exceptional items**

The Directors of the RDM Group believe the following (credits)/charges to the statement of comprehensive income to be exceptional items. The related party loan write off is shown within expenditure and the interest received on a loan to a related party is shown within interest receivable in the statement of comprehensive income.

	2021 £	2020 £	2019 £
Related party loan write off	(36,000)	84,940	–
Interest received on loan to related party	–	–	(50,000)

The loan write off is in relation to a loan issued by the RDM Group to Medical Devices Technology International Limited which subsequently £36,000 was recovered (note 27). Interest received was on a loan to Leacy MG Limited (note 27). Details of how the parties are related is provided in note 27.

## 8. Operating profit/(loss)

Operating (loss)/profit for the year has been arrived at after charging/(crediting):

	2021 £	2020 £	2019 £
Depreciation of property, plant and equipment	26,734	19,258	30,719
Depreciation of right of use assets	158,072	211,236	188,849
Amortisation of intangible assets	3,523	2,091	515
Governments grant income	(23,380)	(323,857)	(231,210)
Research costs not qualifying for capitalisation	25,257	31,557	28,350
Loss on disposal of property, plant and equipment including right of use assets	58	–	–

The Directors have used an Alternative Performance Measure (“**APM**”) in the preparation of these financial statements. The Consolidated Income Statement has presented EBITDA, which represents Earnings Before Interest, Tax, Depreciation and Amortisation.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the rapid changes in the business, and will allow an ongoing trend analysis of this performance based on current plans for the business.

## 9. Fees for audit and other services

	2021 £	2020 £	2019 £
<i>Audit services</i>			
Audit	102,500	–	–
	<u>102,500</u>	<u>–</u>	<u>–</u>

The audit fees recognised in the year ended 31 December 2021 include the audit of the financial statements for the year ended 31 December 2020 and the year ended 31 December 2019. In previous years all members of the RDM Group Limited were entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

## 10. Finance income

	2021 £	2020 £	2019 £
Bank interest received	–	–	406
Interest on related party loan	–	–	50,000
Total finance income	<u>–</u>	<u>–</u>	<u>50,406</u>

Interest income of £nil (2020: £nil; 2019: £50,000) was received in relation to a loan to Leacy MG Limited as shown in note 27.

## 11. Finance costs

	2021 £	2020 £	2019 £
Interest on bank borrowings and overdrafts	9,587	1,598	–
Interest payable on leases	12,719	21,542	29,141
Total finance costs	<u>22,306</u>	<u>23,140</u>	<u>29,141</u>

All interest costs are on financial liabilities measured at amortised cost.

## 12. Taxation on profit on ordinary activities

The tax charge is analysed as follows:

	2021 £	2020 £	2019 £
<b>UK current tax:</b>			
Current tax on loss for the year	(40,640)	(10,679)	(11,035)
Adjustments in respect of prior years	–	–	–
Total current tax	(40,640)	(10,679)	(11,035)
<b>UK deferred tax:</b>			
Origination and reversal of temporary differences	64,123	2,268	193,058
Impact of change in tax rates	83,252	21,083	(21,083)
Total deferred tax	147,375	23,351	171,975
Total tax charge in the Income Statement	106,735	12,672	160,940

### Reconciliation of effective tax charge

The current tax charge for the period is higher (2020: higher; 2019: lower) than the prevalent rate of corporation tax in the UK for the period of 19.00 per cent. (2020: 19.00 per cent.; 2019: 19.00 per cent.).

	2021 £	2020 £	2019 £
Profit/(loss) before taxation	177,903	(97,820)	1,246,673
Expected tax (credit)/charge based on a corporation tax rate of 19% (2020: 19%; 2019: 19%)	33,802	(18,586)	236,868
<i>Effects of:</i>			
Change in UK corporation tax rates	83,252	21,083	(21,083)
Other expenses not deductible for tax purposes	1,748	1,295	1,494
Research and development expenditure credits	(20,559)	(10,841)	(72,348)
Results of overseas subsidiaries not subject to tax	1,030	22,190	12,823
Other tax differences	7,462	(2,469)	3,186
Total tax charge in the Income Statement	106,735	12,672	160,940

### Factors affecting future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25 per cent. with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19 per cent. with a marginal rate adjustment for companies earning annual taxable profits between the two levels. Deferred tax balances at the reporting date are therefore measured at 25 per cent. (2020: 19 per cent.; 2019: 17 per cent.). However, where individual timing differences are immaterial and expected to substantially unwind by 1 April 2023 the deferred tax balance is measured at 19 per cent. (2020: 19 per cent.; 2019: 19 per cent.).

## 13. Dividends

The RDM Group paid dividends to equity holders as follows:

	2021 £	2020 £	2019 £
Final dividend – £0.083/share (2020: £nil; 2019: £0.017)	100,000	–	20,000

#### 14. Earnings per share

	2021	2020	2019
Earnings used in calculation (£)	71,168	(110,492)	1,085,733
Weighted average number of ordinary shares	1,208,215	1,208,215	1,208,215
Basic EPS (£)	0.06	(0.09)	0.90
Weighted average number of dilutable shares	1,208,215	1,208,215	1,208,215
Diluted EPS (£)	0.06	(0.09)	0.90

There are no share options outstanding across the financial years disclosed.

#### 15. Goodwill and other intangible assets

	Patents £	Research and development £	Total £
<b>Cost</b>			
At 01 January 2019	–	87,255	87,255
Additions	17,671	1,871,874	1,889,545
Disposals	–	–	–
<b>At 31 December 2019</b>	17,671	1,959,129	1,976,800
Additions	21,670	1,198,066	1,219,736
Disposals	–	–	–
<b>At 31 December 2020</b>	39,341	3,157,195	3,196,536
Additions	31,352	1,174,085	1,205,437
Disposals	–	–	–
<b>At 31 December 2021</b>	70,693	4,331,280	4,401,973
<b>Amortisation and impairment</b>			
At 01 January 2019	–	–	–
Amortisation charged for the year	515	–	515
Eliminated in respect of disposals	–	–	–
Impairment charge	–	–	–
<b>At 31 December 2019</b>	515	–	515
Amortisation charged for the year	2,091	–	2,091
Eliminated in respect of disposal	–	–	–
Impairment charge	–	–	–
<b>At 31 December 2020</b>	2,606	–	2,606
Amortisation charged for the year	3,523	–	3,523
Eliminated in respect of disposals	–	–	–
Impairment charge	–	–	–
<b>At 31 December 2021</b>	6,129	–	6,129
<b>Carrying amount</b>			
At 31 December 2019	17,156	1,959,129	1,976,285
At 31 December 2020	36,735	3,157,195	3,193,930
At 31 December 2021	64,564	4,331,280	4,395,844

Development costs capitalised are in relation to the manufacture of autonomous vehicles which are not in commercial production yet and therefore not currently being amortised. All capitalised costs are associated with the Aurigo cash generating unit which is described further in note 4.

The Directors prepare forecasts which show the projected growth of the business and use of these assets, which forms a key part of the RDM Group's future strategy. The forecasts include an assessment of the likely commercialisation of the technology based on current demand and anticipated market growth strategies, profiled on a discounted cash flow basis. The Directors do not consider that the impairment review shows sensitivity to any discounted cashflow inputs.



## 16. Property, plant and equipment

	<i>Plant &amp; Machinery £</i>	<i>Fixtures &amp; Fittings £</i>	<i>Tooling £</i>	<i>Motor Vehicles £</i>	<i>Autonomous Vehicles £</i>	<i>Total £</i>
<b>Cost</b>						
At 01 January 2019	303,418	6,203	139,147	13,637	–	462,405
Additions	–	–	–	11,700	51,934	63,634
Disposals	–	–	–	–	–	–
<b>At 31 December 2019</b>	<b>303,418</b>	<b>6,203</b>	<b>139,147</b>	<b>25,337</b>	<b>51,934</b>	<b>526,039</b>
Additions	11,995	1,676	1,087	–	26,459	41,217
Disposals	–	–	–	–	–	–
<b>At 31 December 2020</b>	<b>315,413</b>	<b>7,879</b>	<b>140,234</b>	<b>25,337</b>	<b>78,393</b>	<b>567,256</b>
Additions	10,843	–	5,114	–	–	15,957
Disposals	–	–	–	–	–	–
<b>At 31 December 2021</b>	<b>326,256</b>	<b>7,879</b>	<b>145,348</b>	<b>25,337</b>	<b>78,393</b>	<b>583,213</b>
<b>Depreciation and impairment</b>						
At 01 January 2019	277,349	6,203	137,841	13,637	–	435,030
Depreciation charged for the year	23,443	–	170	1,047	6,059	30,719
Eliminated in respect of disposals	–	–	–	–	–	–
<b>At 31 December 2019</b>	<b>300,792</b>	<b>6,203</b>	<b>138,011</b>	<b>14,684</b>	<b>6,059</b>	<b>465,749</b>
Depreciation charged for the year	4,949	335	362	2,340	11,272	19,258
Eliminated in respect of disposals	–	–	–	–	–	–
<b>At 31 December 2020</b>	<b>305,741</b>	<b>6,538</b>	<b>138,373</b>	<b>17,024</b>	<b>17,331</b>	<b>485,007</b>
Depreciation charged for the year	6,385	335	1,977	2,340	15,697	26,734
Eliminated in respect of disposals	–	–	–	–	–	–
<b>At 31 December 2021</b>	<b>312,126</b>	<b>6,873</b>	<b>140,350</b>	<b>19,364</b>	<b>33,028</b>	<b>511,741</b>
<b>Carrying amount</b>						
At 31 December 2019	2,626	–	1,136	10,653	45,875	60,290
At 31 December 2020	9,672	1,341	1,861	8,313	61,062	82,249
At 31 December 2021	14,130	1,006	4,998	5,973	45,365	71,472

## 17. Right of use assets

IFRS 16 has been adopted and leased assets are presented as a separate line item in the Statement of Financial Position, as right of use assets.

	<i>Property</i>	<i>Motor vehicles</i>	<i>Total right of use assets</i>
	£	£	£
<b>Cost</b>			
At 01 January 2019	683,724	56,775	740,499
Additions	79,654	23,345	102,999
Disposals	–	(42,170)	(42,170)
<b>At 31 December 2019</b>	<b>763,378</b>	<b>37,950</b>	<b>801,328</b>
Additions	–	22,253	22,253
Disposals	(79,654)	–	(79,654)
<b>At 31 December 2020</b>	<b>683,724</b>	<b>60,203</b>	<b>743,927</b>
Additions	–	7,672	7,672
Disposals	–	(14,605)	(14,605)
<b>At 31 December 2021</b>	<b>683,724</b>	<b>53,270</b>	<b>736,994</b>
<b>Depreciation</b>			
At 01 January 2019	113,955	35,804	149,759
Depreciation charge for the year	167,722	21,127	188,849
Eliminated in respect of disposals	–	(42,170)	(42,170)
<b>At 31 December 2019</b>	<b>281,677</b>	<b>14,761</b>	<b>296,438</b>
Depreciation charged for the year	185,424	25,812	211,236
Eliminated in respect of disposals	(79,654)	–	(79,654)
<b>At 31 December 2020</b>	<b>387,447</b>	<b>40,573</b>	<b>428,020</b>
Depreciation charged for the year	136,746	21,326	158,072
Eliminated in respect of disposals	–	(14,605)	(14,605)
<b>At 31 December 2021</b>	<b>524,193</b>	<b>47,294</b>	<b>571,487</b>
<b>Carrying amount</b>			
At 31 December 2019	481,701	23,189	504,890
At 31 December 2020	296,277	19,630	315,907
At 31 December 2021	159,531	5,976	165,507

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term, on a straight line basis. The property leases are discounted at the RDM Group's estimated incremental cost of borrowing at a rate of 5 per cent. This has been derived by using the average borrowing rate for the transportation industry, which the RDM Group is part of, and the average market rates for property leases.

The motor vehicle leases are discounted at the RDM Group's incremental cost of borrowing at a rate of 6 per cent. using the average borrowing rate for the transportation industry, which the RDM Group is part of, and the average market rates for vehicle leases.

## 18. Inventories

	<i>2021</i>	<i>2020</i>	<i>2019</i>
	£	£	£
Finished goods	777,669	622,078	481,101
	<u>777,669</u>	<u>622,078</u>	<u>481,101</u>

The RDM Group has recognised a total provision of £nil (2020: £nil; 2019: £nil) against its inventories.

## 19. Trade and other receivables

The Directors consider that the carrying amounts of trade and other receivables are equal to their fair value.

	2021 £	2020 £	2019 £
<i>Amounts falling due within one year:</i>			
Trade receivables	803,338	863,385	1,327,122
Provision for bad and doubtful debts	–	(31,709)	(1,955)
	<u>803,338</u>	<u>831,676</u>	<u>1,325,167</u>
Directors' loan account receivables	161	1,020	1,020
Prepayments	14,125	7,985	4,109
Other debtors	<u>346,114</u>	<u>151,042</u>	<u>379,687</u>
Total trade and other receivables	<u><u>1,163,738</u></u>	<u><u>991,723</u></u>	<u><u>1,709,983</u></u>

The RDM Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables.

Around 90 per cent. of sales made are self-billed by the customers. The average credit period given on self-billed sales is 60 days from the self-billed date. For other sales the average credit period given is 30 days. For autonomous sales specific terms are agreed in advance. The RDM Group has assessed that it has little credit risk and anticipates that all balances will be fully recoverable.

### Provisions against trade receivables

The ageing of trade receivables (by reference to ultimate due date) and provision for impairment at the reporting date was:

	2021	2020	2019
Current	394,455	325,979	880,912
Past due 0-30 days	306,157	482,565	430,492
Past due 31-60 days	21,403	28,499	15,718
Past due more than 60 days	<u>81,323</u>	<u>26,342</u>	<u>–</u>
Total receivables before impairment	<u><u>803,338</u></u>	<u><u>863,385</u></u>	<u><u>1,327,122</u></u>

The expected credit loss provision for impairment is considered based upon the historic rate of bad debt write off for the historic trading of the RDM Group. There is no established trading results for the autonomous vehicle sales operating segment and hence no credit loss provision for impairment is considered. However, sales are typically of high individual value with customers who have very secure credit ratings, and therefore credit risk is assessed to be minimal.

Overall, the total provision for impairment for all trade receivables is disregarded on materiality grounds and not recognised in the financial statements, except for any specific provisions required.

## 20. Borrowings

The RDM Group's borrowings are analysed as follows:

	Current £	2021 Non- Current £	Total £
<i>Borrowings at amortised cost</i>			
Bank loans	<u>30,000</u>	<u>85,000</u>	<u>115,000</u>
Total borrowings	<u><u>30,000</u></u>	<u><u>85,000</u></u>	<u><u>115,000</u></u>

		2020 Non- Current	Total
<i>Borrowings at amortised cost</i>	<i>Current</i> £	<i>Current</i> £	£
Bank loans	30,000	115,000	145,000
Total borrowings	30,000	115,000	145,000

		2019 Non- Current	Total
<i>Borrowings at amortised cost</i>	<i>Current</i> £	<i>Current</i> £	£
Bank loans	–	–	–
Total borrowings	–	–	–

The RDM Group's borrowings are received under the Coronavirus Business Interruption Loan Scheme (“**CBILS**”) on which undiscounted amounts of £115,000 (2020: £145,000; 2019: £nil) are due, and which has an interest rate of 12.1 per cent. The RDM Group was entitled to a Business Interruption Payment for the first 12 months up to a capped amount to cover payments of the interest.

Of these loans, £nil (2020: £nil, 2019: £nil) falls due for repayment in more than 5 years.

## 21. Leases

		2021 Non- Current	Total
<i>Lease liability</i>	<i>Current</i> £	<i>Current</i> £	£
Lease liability under IFRS 16	155,474	25,645	181,119

		2020 Non- Current	Total
<i>Lease liability</i>	<i>Current</i> £	<i>Current</i> £	£
Lease liability under IFRS 16	158,994	176,915	335,909

		2019 Non- Current	Total
<i>Lease liability</i>	<i>Current</i> £	<i>Current</i> £	£
Lease liability under IFRS 16	199,820	323,684	523,504

Future gross minimum lease payments are as follows:

	<i>31 December 2021 £</i>	<i>31 December 2020 £</i>	<i>31 December 2019 £</i>
Due within one year	160,251	171,456	220,567
Due in one to five years	25,698	181,692	340,523
Due in more than 5 years	–	–	–
Gross lease payments due	185,949	353,148	561,090
Less future finance charges	(4,830)	(17,239)	(37,586)
Net lease payments due	<u>181,119</u>	<u>335,909</u>	<u>523,504</u>

The RDM Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 17, and interest expense in note 11. The total cash outflows in the year are explained in the Statement of Cash Flows and associated note.

## 22. Trade and other payables

	<i>2021 £</i>	<i>2020 £</i>	<i>2019 £</i>
Trade creditors	771,197	645,461	743,306
Taxation and social security	65,571	54,331	72,186
Accruals	110,072	18,268	16,954
VAT	110,241	68,003	229,629
Other creditors	21,815	18,238	26,942
	<u>1,078,896</u>	<u>804,301</u>	<u>1,089,017</u>

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 23. Employee benefits

The RDM Group contributes to a defined contribution pension scheme in the UK to provide benefits for employees upon retirement. The assets of the scheme are held separately from those of the RDM Group in an independently administered fund. The total cost relating to the pension plan is £117,297 (2020: £70,233; 2019: £30,636).

At the year end the pension scheme liability was £6,225 (2020: £5,850; 2019: £5,850)

## 24. Deferred tax assets and liabilities

	<i>Liability &lt;1 year £</i>	<i>Liability &gt;1 year £</i>	<i>Asset &lt;1 year £</i>	<i>Asset &gt;1 year £</i>
<i>At 31 December 2021</i>				
Accelerated capital allowances	–	4,270	–	–
Capitalised development costs	–	346,885	–	–
Transition to IFRS	–	–	–	2,955
<b>Total</b>	<u>–</u>	<u>351,155</u>	<u>–</u>	<u>2,955</u>

	<i>Liability &lt;1 year £</i>	<i>Liability &gt;1 year £</i>	<i>Asset &lt;1 year £</i>	<i>Asset &gt;1 year £</i>
<i>At 31 December 2020</i>				
Accelerated capital allowances	–	3,210	–	–
Capitalised development costs	–	201,414	–	–
Transition to IFRS	–	–	–	3,800
<b>Total</b>	<u>–</u>	<u>204,624</u>	<u>–</u>	<u>3,800</u>
	<i>Liability &lt;1 year £</i>	<i>Liability &gt;1 year £</i>	<i>Asset &lt;1 year £</i>	<i>Asset &gt;1 year £</i>
<i>At 31 December 2019</i>				
Accelerated capital allowances	–	1,800	–	–
Capitalised development costs	–	179,209	–	–
Transition to IFRS	–	–	–	3,536
<b>Total</b>	<u>–</u>	<u>181,009</u>	<u>–</u>	<u>3,536</u>

The following are the deferred tax assets and liabilities recognised by the RDM Group and related movements during the current and prior years:

	<i>Net liability/ (asset) at 01 January 2021 £</i>	<i>Charge to profit and loss £</i>	<i>Effect of change in tax rate £</i>	<i>Net liability/ (asset) at 31 December 2021 £</i>
Accelerated capital allowances	3,210	1,060	–	4,270
Capitalised development costs	201,414	62,219	83,252	346,885
Transition to IFRS	(3,800)	845	–	(2,955)
<b>Net movement</b>	<u>200,824</u>	<u>64,124</u>	<u>83,252</u>	<u>348,200</u>
	<i>Net liability/ (asset) at 01 January 2020 £</i>	<i>(Credit)/ charge to profit and loss £</i>	<i>Effect of change in tax rate £</i>	<i>Net liability/ (asset) at 31 December 2020 £</i>
Accelerated capital allowances	1,800	1,410	–	3,210
Capitalised development costs	179,209	1,122	21,083	201,414
Transition to IFRS	(3,536)	(264)	–	(3,800)
<b>Net movement</b>	<u>177,473</u>	<u>2,268</u>	<u>21,083</u>	<u>200,824</u>
	<i>Net liability/ (asset) at 01 January 2019 £</i>	<i>(Credit)/ charge to profit and loss £</i>	<i>Effect of change in tax rate £</i>	<i>Net liability/ (asset) at 31 December 2019 £</i>
Accelerated capital allowances	4,100	(2,300)	–	1,800
Capitalised development costs	3,411	196,881	(21,083)	179,209
Transition to IFRS	(2,013)	(1,523)	–	(3,536)
<b>Net movement</b>	<u>5,498</u>	<u>193,058</u>	<u>(21,083)</u>	<u>177,473</u>



## 25. Financial instruments

The RDM Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- foreign exchange rate risk

The RDM Group's Chief Financial Officer, working alongside the rest of the Board maintain liquidity and credit risk and manages relations with the RDM Group's bankers.

### **Credit risk**

Credit risk is the risk of financial loss to the RDM Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the RDM Group's receivables from customers.

The carrying amounts of financial assets held at amortised cost represent the maximum credit exposure. The RDM Group has a small number of high value blue chip customers and therefore does not consider credit risk to be significant. For new smaller customers the usual process involves the requirement of the customer to pay in advance for first order(s) (note 19).

The RDM Group is not exposed to any significant credit risk in relation to any single counterparty or group or counterparties having similar characteristics.

The RDM Group's exposure to credit risk in respect of cash and cash equivalents is as follows:

	2021 £	2020 £	2019 £
<i>Not credit-impaired</i>			
External credit ratings AA3	1,289,606	1,574,413	1,269,351
External credit ratings A3*	1,960	28,746	79,680
	<u>1,291,566</u>	<u>1,603,159</u>	<u>1,349,031</u>

\* The external credit rating of this facility moved to A2 in 2022.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The RDM Group manages its liquidity by forecasting cash inflows and outflows on a daily basis and the use of a factoring facility when needed. The RDM Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the RDM Group's reputation. The contractual maturity of financial liabilities is outlined below.

The undiscounted contractual maturity analysis for the RDM Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

	<i>Demand and less than 3 months</i> £	<i>From 3 to 12 months</i> £	<i>From 12 months to 2 years</i> £	<i>From 2 to 5 years</i> £	<i>More than 5 years</i> £	<i>Total</i> £
<i>Financial assets</i>						
Trade and other receivables	1,326,187	380,703	–	–	–	1,706,890
Cash and cash equivalents	1,349,035	–	–	–	–	1,349,035
<b>As at 31 December 2019</b>	<u>2,675,222</u>	<u>380,703</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,055,925</u>
Trade and other receivables	836,756	146,982	–	–	–	983,738
Cash and cash equivalents	1,603,159	–	–	–	–	1,603,159
<b>As at 31 December 2020</b>	<u>2,439,915</u>	<u>146,982</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,586,897</u>
Trade and other receivables	829,464	320,149	–	–	–	1,149,613
Cash and cash equivalents	1,291,566	–	–	–	–	1,291,566
<b>As at 31 December 2021</b>	<u>2,121,030</u>	<u>320,149</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,441,179</u>
	<i>Demand and less than 3 months</i> £	<i>From 3 to 12 months</i> £	<i>From 12 months to 2 years</i> £	<i>From 2 to 5 years</i> £	<i>More than 5 years</i> £	<i>Total</i> £
<i>Financial liabilities</i>						
Trade and other payables	788,222	–	–	–	–	788,222
Leases	56,288	164,280	160,634	179,888	–	561,090
<b>As at 31 December 2019</b>	<u>844,510</u>	<u>164,280</u>	<u>160,634</u>	<u>179,888</u>	<u>–</u>	<u>1,349,312</u>
Trade and other payables	681,967	–	–	–	–	681,967
Borrowings	5,888	20,337	39,587	112,163	–	177,975
Leases	44,859	126,597	155,994	25,698	–	353,148
<b>As at 31 December 2020</b>	<u>732,714</u>	<u>146,934</u>	<u>195,581</u>	<u>137,861</u>	<u>–</u>	<u>1,213,090</u>
Trade and other payables	903,085	–	–	–	–	903,085
Borrowings	4,948	29,690	39,587	72,576	–	146,801
Leases	42,480	117,771	25,698	–	–	185,949
<b>As at 31 December 2021</b>	<u>950,513</u>	<u>147,461</u>	<u>65,285</u>	<u>72,576</u>	<u>–</u>	<u>1,235,835</u>

The maturity gap analysis on the RDM Group's financial assets and liabilities is as follows:

	<i>Demand and less than 3 months</i> £	<i>From 3 to 12 months</i> £	<i>From 12 months to 2 years</i> £	<i>From 2 to 5 years</i> £	<i>More than 5 years</i> £	<i>Total</i> £
<i>Liquidity gap</i>						
As at 31 December 2019	1,830,712	216,423	(160,634)	(179,888)	–	1,706,613
As at 31 December 2020	1,707,201	48	(195,581)	(137,861)	–	1,373,807
As at 31 December 2021	1,170,517	172,688	(65,285)	(72,576)	–	1,205,344

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The RDM Group is exposed to market risk through its use of financial instruments.

### *Capital management*

Capital is typically cash or liquid assets held or obtained by the RDM Group for expenditures. The RDM Group's objectives when managing capital are to safeguard the RDM Group's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders. The RDM Group manages the capital structure, being cash and cash equivalents and reinvestment of a proportion of profits generated, and makes changes in light of movements in economic conditions. In order to maintain or adjust the capital structure, the RDM Group may adjust its borrowings and investment decisions, as evidenced when bank borrowing arrangements were incepted during the Covid-19 trading difficulties during 2020.

The carrying amount of financial instruments is shown below:

	<i>2021</i> £	<i>2020</i> £	<i>2019</i> £
<i>Carrying amount of financial assets</i>			
Debt instruments measured at amortised cost	1,149,613	983,738	1,706,890
Cash and cash equivalents	1,291,566	1,603,159	1,349,035
	<u>2,441,179</u>	<u>2,586,897</u>	<u>3,055,925</u>
<i>Carrying amount of financial liabilities</i>			
Measured at amortised cost	1,235,835	1,213,089	1,349,312
	<u>1,235,835</u>	<u>1,213,089</u>	<u>1,349,312</u>

### **Foreign currency risk**

The UK company holds a Euro and US Dollar bank account therefore providing a natural hedge against a certain element of overseas transactions. The Australian and Canadian subsidiaries hold local currency bank accounts. There are no other hedging arrangements in place.

The carrying amounts of the RDM Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	<i>Euros</i> £	<i>US Dollars</i> £	<i>Canadian Dollars</i> £	<i>Australian Dollars</i> £	<i>Sterling</i> £	<i>Total</i> £
Trade and other receivables	142,135	29,033	–	–	1,534,706	1,705,874
Cash and cash equivalents	517,743	89,458	79,680	16,208	645,942	1,349,031
Trade and other payables	(101,545)	(57,943)	–	–	(627,714)	(787,202)
Leases	–	–	–	–	(561,090)	(561,090)
<b>As at 31 December 2019</b>	<u>558,333</u>	<u>60,548</u>	<u>79,680</u>	<u>16,208</u>	<u>991,844</u>	<u>1,706,613</u>
Trade and other receivables	127,171	65,824	–	–	790,743	983,738
Cash and cash equivalents	716,015	145,676	28,746	2,371	710,351	1,603,159
Trade and other payables	(151,318)	(19,674)	–	–	(510,975)	(681,967)
Borrowings	–	–	–	–	(177,974)	(177,974)
Leases	–	–	–	–	(353,148)	(353,148)
<b>As at 31 December 2020</b>	<u>691,868</u>	<u>191,826</u>	<u>28,746</u>	<u>2,371</u>	<u>458,997</u>	<u>1,373,808</u>
Trade and other receivables	167,268	47,357	–	–	934,988	1,149,613
Cash and cash equivalents	954,333	40,463	1,960	2,467	292,343	1,291,566
Trade and other payables	(206,955)	(15,376)	–	–	(680,754)	(903,085)
Borrowings	–	–	–	–	(146,801)	(146,801)
Leases	–	–	–	–	(185,949)	(185,949)
<b>As at 31 December 2021</b>	<u>914,646</u>	<u>72,444</u>	<u>1,960</u>	<u>2,467</u>	<u>213,827</u>	<u>1,205,344</u>

## 26. Share capital and other equity

<i>Number of ordinary shares</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Ordinary shares of £0.00001 each	<u>1,208,215</u>	<u>1,208,215</u>	<u>1,208,215</u>
	<u>1,208,215</u>	<u>1,208,215</u>	<u>1,208,215</u>
<i>Nominal value of ordinary shares</i>	£	£	£
Ordinary shares of £0.00001 each	<u>12</u>	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>	<u>12</u>

### Reserves of the Company represent the following:

**Share capital** – Shares in the Company held by Shareholders.

**Retained earnings** – Retained earnings represent cumulative net gains and losses recognised in the Statement of Comprehensive Income.

## 27. Related party transactions

During the year the RDM Group entered into the following transactions with related parties:

The RDM Group issued a loan of £50,000 during the year ended 31 December 2018 and a further £100,000 during the year ended 31 December 2019 to Leacy MG Limited, a company which the directors of the RDM Group are shareholders of. The balance was repaid in full during the year to 31 December 2019 along with £50,000 interest which is shown in note 10.

During the year sales were made to Leacy MG Limited totalling £23,685 (2020: £10,213; 2019: £39,704) and purchases were made from Leacy MG Limited totalling £341 (2020: £1,122; 2019: £5,738).

The RDM Group issued a loan of £238,000 to Medical Devices Technology International Limited, during the year ended 31 December 2020, of which £149,000 was repaid and £84,940 was written off in the same year. The directors of RDM Group are also shareholders of Medical Devices Technology International Limited. The loan was non-interest bearing. Subsequent to the write off, the RDM Group recovered £36,000 in the year to 31 December 2021 and has been recognised as a credit to administrative expenses (note 7).

During the year purchases were made from Medical Devices Technology International Limited totalling £nil (2020: £52,500; 2019: £nil).

During the year purchases were made from Revival Cars Limited totalling £nil (2020: £nil; 2019: £nil). The directors of RDM Group are also shareholders of Revival Cars Limited.

In addition to the above, the following amounts were outstanding at the reporting end date:

	2021	2020	2019
<b>Amounts owed by related parties</b>			
Leacy MG Limited	3,671	2,434	–
Medical Devices Technology International Limited	–	2,340	16,947
	<u>3,671</u>	<u>4,774</u>	<u>16,947</u>
<b>Amounts owed to related parties</b>			
Leacy MG Limited	–	–	7,649
Revival Cars Limited	880	880	–
	<u>880</u>	<u>880</u>	<u>7,649</u>

The balances shown above are unsecured, interest free and repayable on demand.

The following advances of credits have been granted by the RDM Group to its directors as follows:

	31 December 2021				
	Balance b/f	Advanced	Repaid	Interest charged	Balance c/f
	£	£	£	£	£
G Keene	510	–	(349)	–	161
D Keene	<u>510</u>	<u>–</u>	<u>(510)</u>	<u>–</u>	<u>–</u>
	31 December 2020				
	Balance b/f	Advanced	Repaid	Interest charged	Balance c/f
	£	£	£	£	£
G Keene	510	–	–	–	510
D Keene	<u>510</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>510</u>

31 December 2019

	<i>Balance b/f</i>	<i>Advanced</i>	<i>Repaid</i>	<i>Interest charged</i>	<i>Balance c/f</i>
	£	£	£	£	£
G Keene	286	224	–	–	510
D Keene	510	–	–	–	510

### **Key management personnel**

The Directors of RDM Group Limited along with three other employees are considered to be the key management personnel of the RDM Group for the purposes of this disclosure.

The remuneration of key management personnel is as follows:

	<i>2021</i>		
	<i>Salaries</i>	<i>Pension contributions</i>	<i>Total</i>
	£	£	£
Graham Keene	165,000	46,319	211,319
David Keene	165,000	46,319	211,319
Other key management personnel	323,858	3,957	327,815
Total	653,858	96,595	750,453

	<i>2020</i>		
	<i>Salaries</i>	<i>Pension contributions</i>	<i>Total</i>
	£	£	£
Graham Keene	144,000	1,149	145,149
David Keene	144,000	1,149	145,149
Other key management personnel	278,833	3,731	282,564
Total	566,833	6,029	572,862

	<i>2019</i>		
	<i>Salaries</i>	<i>Pension contributions</i>	<i>Total</i>
	£	£	£
Graham Keene	165,000	–	165,000
David Keene	165,000	–	165,000
Other key management personnel	310,667	3,565	314,232
Total	640,667	3,565	644,232

## **28. Commitments and contingent liabilities**

There have been no commitments or contingent liabilities within the RDM Group across the financial years disclosed.



## 29. Subsidiaries

Details of RDM Group Limited's subsidiaries at 31 December 2021 are as follows:

<i>Name of undertaking</i>	<i>Registered office</i>	<i>Nature of business</i>	<i>Class of shareholding</i>	<i>% Held</i>
Richmond Design & Marketing Limited	Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL	Manufacture and sale of electronic components and autonomous vehicles	Ordinary	100%
D G Automotive Limited	Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL	Dormant	Ordinary	100%
RDM Meditec Limited	Azets, Ventura Park Road, Tamworth, B78 3HL	Dormant	Ordinary	100%
RDM Trustee Limited	Azets, Ventura Park Road, Tamworth, B78 3HL	Dormant	Ordinary	100%
RDM Automotive Limited	Azets, Ventura Park Road, Tamworth, B78 3HL	Dormant	Ordinary	100%
Aurigo Limited	Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL	Dormant	Ordinary	100%
Aurigo Pty Ltd	Piper Alderman Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Promotion of the sale of autonomous vehicles	Ordinary	100%
Aurigo Canada Limited	1400-340 Albert Street, Ottawa, ON K1R 0A5, Canada	Promotion of the sale of autonomous vehicles	Ordinary	100%
Aurigo LLC	206 E. 9 <sup>th</sup> Street, Suite 1300, Austin, TX 78701-4411	Dormant	Ordinary	100%

## 30. Ultimate controlling party

Mr G Keene and Mr D Keene are considered to be the ultimate controlling parties, by virtue of their interest in the issued equity share capital of the RDM Group.

## 31. Events after the reporting date

On 27 July 2022, the Company issued and allotted 11,784 ordinary shares of £0.00001 at a ratio of 1,473 new ordinary shares of £0.00001 for each 151,027 existing ordinary shares held by the shareholders of the Company as at that date. The Company further consolidated its entire issued share capital, at a ratio of 1 ordinary share for every 200 existing ordinary shares in issue, resulting in the nominal value of each ordinary share in the capital of the Company being £0.002 each. The Company then issued and allotted 24,993,900 Ordinary Shares to the existing ordinary shareholders of the Company by way of a bonus issue.

### 32. Transition adjustments and effects of prior year adjustments

The RDM Group transition to IFRS has been applied retrospectively. The effect of transition adjustments are shown below.

#### Changes to statement of financial position

		At 1 January 2019	
	Note	As previously reported £	Effect of transition £
			As restated £
<b>Non-current assets</b>			
Intangible assets	1	–	87,255
Property, plant and equipment		27,374	–
Right of use assets	2	–	590,740
Deferred tax asset	2	–	2,013
<b>Current assets</b>			
Inventories		480,757	–
Trade and other receivables		1,542,025	–
Current tax receivable		124,718	–
Cash and cash equivalents		1,256,329	–
<b>Current liabilities</b>			
Bank loans		–	–
Current tax payable		–	–
Trade and other payables		(829,042)	–
Lease liabilities	2	(9,274)	(143,546)
Deferred tax provision		–	–
<b>Non-current liabilities</b>			
Bank loans		–	–
Deferred grant income	1	–	(67,186)
Lease liability	2	–	(457,792)
Deferred tax provision		(4,100)	(3,411)
<b>Net assets/(liabilities)</b>		<u>2,588,787</u>	<u>8,073</u>
<b>Equity</b>			
Share capital		12	–
Retained profits	2	<u>2,588,775</u>	<u>8,073</u>
<b>Total equity</b>		<u>2,588,787</u>	<u>8,073</u>

The above impact of adoption of IFRS as at the date of transition to IFRS, 1 January 2019, relates to the following:

- 1 The capitalisation of development costs directly attributable to the design and testing of vehicles, systems and software products controlled by the RDM Group, which meet the required criteria under IAS 38 Intangible Assets as detailed in note 2.6; in addition, deferral of grants received in respect of the capitalised projects. Prior to the transition to IFRS the costs were expensed and shown in the statement of comprehensive income as a choice to expense was available.
- 2 This is the capitalisation of leased assets which previously associated rental costs were recognised in the statement of comprehensive income. Under IFRS 16 Leases such leases which meet the criteria are required to be capitalised as right of use assets and a corresponding lease liability is recognised, as detailed in note 2.9. The adjustment shows the effect of this together with deferred tax impact.

## Changes to statement of financial position

At 31 December 2019				
	Note	As previously reported £	Effect of transition £	As restated £
<b>Non-current assets</b>				
Intangible assets	1	17,156	1,959,129	1,976,285
Property, plant and equipment		60,290	–	60,290
Right of use assets	2	–	504,890	504,890
Deferred tax asset	2	–	3,536	3,536
<b>Current assets</b>				
Inventories		481,101	–	481,101
Trade and other receivables		1,709,983	–	1,709,983
Current tax receivable		291,758	–	291,758
Deferred tax asset		–	–	–
Cash and cash equivalents		1,349,031	–	1,349,031
<b>Current liabilities</b>				
Bank loans		–	–	–
Current tax payable		(15,795)	–	(15,795)
Trade and other payables		(1,089,017)	–	(1,089,017)
Lease liabilities	2	–	(199,820)	(199,820)
Deferred tax provision		–	–	–
<b>Non-current liabilities</b>				
Bank loans		–	–	–
Lease liability	2	–	(323,684)	(323,684)
Deferred grant income	3	–	(904,956)	(904,956)
Provisions		–	–	–
Deferred tax provision	1,3	(1,800)	(179,209)	(181,009)
<b>Net assets</b>		<u>2,802,707</u>	<u>859,886</u>	<u>3,662,593</u>
<b>Equity</b>				
Share capital		12	–	12
Retained profits	1,2,3	<u>2,802,695</u>	<u>859,886</u>	<u>3,662,581</u>
<b>Total equity</b>		<u>2,802,707</u>	<u>859,886</u>	<u>3,662,593</u>

## Changes to statement of comprehensive income

At 31 December 2019				
	Note	As previously reported £	Effect of IFRS transition £	As restated £
Revenue		5,678,222	–	5,678,222
Cost of sales	1	<u>(3,882,069)</u>	<u>814,599</u>	<u>(3,067,470)</u>
Gross profit		1,796,153	814,599	2,610,752
Administrative expenses	1,2	<u>(2,881,817)</u>	<u>1,077,755</u>	<u>(1,804,062)</u>
Other operating income	3	<u>1,256,488</u>	<u>(837,770)</u>	<u>418,718</u>
Operating profit		170,824	1,054,584	1,225,408
Interest income		50,406	–	50,406
Finance costs	2	<u>(645)</u>	<u>(28,496)</u>	<u>(29,141)</u>
Profit before tax		220,585	1,026,088	1,246,673
Tax credit/(charge)	1,2,3	<u>13,335</u>	<u>(174,275)</u>	<u>(160,940)</u>
<b>Profit for the year</b>		<u>233,920</u>	<u>851,813</u>	<u>1,085,733</u>

The above impact of adoption of IFRS for the financial year ended 31 December 2019 relates to the following:

- 1 The capitalisation of development costs directly attributable to the design and testing of vehicles, systems and software products controlled by the RDM Group, which meet the required criteria under IAS 38 Intangible Assets as detailed in note 2.6; in addition, deferral of grants received in respect of the capitalised projects. Prior to the transition to IFRS the costs were expensed and shown in the statement of comprehensive income as a choice to expense was available.
- 2 The capitalisation of leased assets which previously associated rental costs were recognised in the statement of comprehensive income. Under IFRS 16 Leases such leases which meet the criteria are required to be capitalised as right of use assets and a corresponding lease liability is recognised as detailed in note 2.9. The adjustment shows the effect of this together with deferred tax impact.
- 3 Deferral of grant income received in relation to the capitalised development costs. Deferred grant income is held as a non-current liability as its release is dependent on when amortisation of development costs capitalised begins. The adjustment shows the effect of deferring the grant income received together with deferred tax impact.

### **Changes to statement of financial position**

		At 31 December 2020		
	Note	As previously reported £	Effect of transition £	As restated £
<b>Non-current assets</b>				
Intangible assets	1	36,735	3,157,195	3,193,930
Property, plant and equipment		82,249	–	82,249
Right of use assets	2	–	315,907	315,907
Deferred tax asset	2	–	3,800	3,800
<b>Current assets</b>				
Inventories		622,078	–	622,078
Trade and other receivables		991,723	–	991,723
Current tax receivable		334,438	–	334,438
Cash and cash equivalents		1,603,159	–	1,603,159
<b>Current liabilities</b>				
Bank loans		(30,000)	–	(30,000)
Current tax payable		(8,231)	–	(8,231)
Trade and other payables		(804,301)	–	(804,301)
Lease liabilities	2	–	(158,994)	(158,994)
Deferred tax provision		–	–	–
<b>Non-current liabilities</b>				
Bank loans		(115,000)	–	(115,000)
Lease liability	2	–	(176,915)	(176,915)
Deferred grant income	3	–	(2,097,118)	(2,097,118)
Provisions		–	–	–
Deferred tax provision	1,3	(3,210)	(201,414)	(204,624)
<b>Net assets</b>		<u>2,709,640</u>	<u>842,461</u>	<u>3,552,101</u>
<b>Equity</b>				
Share capital		12	–	12
Retained profits	1,2,3	<u>2,709,628</u>	<u>842,461</u>	<u>3,552,089</u>
<b>Total equity</b>		<u>2,709,640</u>	<u>842,461</u>	<u>3,552,101</u>

## Changes to statement of comprehensive income

At 31 December 2020				
		As previously reported £	Effect of IFRS transition £	As restated £
Revenue		4,082,722	–	4,082,722
Cost of sales	1	(3,053,497)	351,482	(2,702,015)
Gross profit		1,029,225	351,482	1,380,707
Administrative expenses	1,2	(2,796,748)	866,738	(1,930,010)
Other operating income	3	1,666,785	(1,192,162)	474,623
Operating (loss)/profit		(100,738)	26,058	(74,680)
Interest income		–	–	–
Finance costs	2	(1,598)	(21,542)	(23,140)
(Loss)/profit before tax		(102,336)	4,516	(97,820)
Tax credit/(charge)	1,2,3	9,269	(21,941)	(12,672)
<b>Loss for the year</b>		<b>(93,067)</b>	<b>(17,425)</b>	<b>(110,492)</b>

The above impact of adoption of IFRS for the financial year ended 31 December 2020 relates to the following:

- 1 The capitalisation of development costs directly attributable to the design and testing of vehicles, systems and software products controlled by the RDM Group, which meet the required criteria under IAS 38 Intangible Assets as detailed in note 2.6; in addition, deferral of grants received in respect of the capitalised projects. Prior to the transition to IFRS the costs were expensed and shown in the statement of comprehensive income as a choice to expense was available.
- 2 The capitalisation of leased assets which previously associated rental costs were recognised in the statement of comprehensive income. Under IFRS 16 Leases such leases which meet the criteria are required to be capitalised as right of use assets and a corresponding lease liability is recognised, as detailed in note 2.9. The adjustment shows the effect of this together with deferred tax impact.
- 3 Deferral of grant income received in relation to the capitalised development costs. Deferred grant income is held as a non-current liability as its release is dependent on when amortisation of development costs capitalised begins. The adjustment shows the effect of deferring the grant income received together with deferred tax impact.

## Changes to statement of financial position

		At 31 December 2021		
	Note	As previously reported £	Effect of transition £	As restated £
<b>Non-current assets</b>				
Intangible assets	1	64,564	4,331,280	4,395,844
Property, plant and equipment		71,472	–	71,472
Right of use assets	2	–	165,507	165,507
Deferred tax asset	2	–	2,955	2,955
<b>Current assets</b>				
Inventories		777,669	–	777,669
Trade and other receivables		1,163,738	–	1,163,738
Current tax receivable		324,428	–	324,428
Cash and cash equivalents		1,291,566	–	1,291,566
<b>Current liabilities</b>				
Bank loans		(30,000)	–	(30,000)
Current tax payable		–	–	–
Trade and other payables		(1,078,896)	–	(1,078,896)
Lease liabilities	2	–	(155,474)	(155,474)
Deferred tax provision		–	–	–
<b>Non-current liabilities</b>				
Bank loans		(85,000)	–	(85,000)
Lease liability	2	–	(25,645)	(25,645)
Deferred grant income	3	–	(2,943,740)	(2,943,740)
Provisions		–	–	–
Deferred tax provision	1,3	(4,270)	(346,885)	(351,155)
<b>Net assets</b>		<u>2,495,271</u>	<u>1,027,998</u>	<u>3,523,269</u>
<b>Equity</b>				
Share capital		12	–	12
Retained profits	1,2,3	<u>2,495,259</u>	<u>1,027,998</u>	<u>3,523,257</u>
<b>Total equity</b>		<u>2,495,271</u>	<u>1,027,998</u>	<u>3,523,269</u>

## Changes to statement of comprehensive income

		At 31 December 2021		
		As previously	Effect of	
	Note	reported	IFRS	As restated
		£	transition	£
Revenue		5,267,064	–	5,267,064
Cost of sales	1	(3,725,580)	279,041	(3,446,539)
Gross profit		1,541,484	279,041	1,820,525
Administrative expenses	1,2	(2,700,943)	912,153	(1,788,790)
Other operating income	3	1,015,096	(846,622)	168,474
Operating (loss)/profit		(144,363)	344,572	200,209
Interest income		–	–	–
Finance costs	2	(9,587)	(12,719)	(22,306)
(Loss)/profit before tax		(153,950)	331,853	177,903
Tax credit/(charge)	1,2,3	39,580	(146,315)	(106,735)
(Loss)/profit for the year		(114,370)	185,538	71,168



The above impact of adoption of IFRS for the financial year ended 31 December 2021 relates to the following:

- 1 The capitalisation of development costs directly attributable to the design and testing of vehicles, systems and software products controlled by the RDM Group, which meet the required criteria under IAS 38 Intangible Assets as detailed in note 2.6; in addition, deferral of grants received in respect of the capitalised projects. Prior to the transition to IFRS the costs were expensed and shown in the statement of comprehensive income as a choice to expense was available.
- 2 The capitalisation of leased assets which previously associated rental costs were recognised in the statement of comprehensive income. Under IFRS 16 Leases such leases which meet the criteria are required to be capitalised as right of use assets and a corresponding lease liability is recognised, as detailed in note 2.9. The adjustment shows the effect of this together with deferred tax impact.
- 3 Deferral of grant income received in relation to the capitalised development costs. Deferred grant income is held as a non-current liability as its release is dependent on when amortisation of development costs capitalised begins. The adjustment shows the effect of deferring the grant income received together with deferred tax impact.

## PART 5

### UNAUDITED INTERIM FINANCIAL INFORMATION ON RDM GROUP LIMITED

#### Consolidated Statement of Total Comprehensive Income For the period ended 30 June 2022

		<i>Unaudited 6 months ended 30 June 2022 £</i>	<i>Unaudited 6 months ended 30 June 2021 £</i>
	<i>Notes</i>		
<b>Revenue</b>	1	2,274,684	2,860,493
Cost of sales		<u>(1,533,271)</u>	<u>(2,043,218)</u>
<b>Gross profit</b>		<u>741,413</u>	<u>817,275</u>
Other operating income		139,454	49,506
Impairment losses and gains on trade and other receivables		3,950	36,000
Expenditure		<u>(1,135,826)</u>	<u>(930,638)</u>
<b>EBITDA *</b>		<u>(251,009)</u>	<u>(27,857)</u>
Depreciation		(94,751)	(105,247)
Amortisation		<u>(26,332)</u>	<u>(1,011)</u>
<b>Operating (loss)/profit</b>		<u>(372,092)</u>	<u>(134,115)</u>
Finance costs		<u>(9,688)</u>	<u>(12,109)</u>
<b>(Loss)/profit before tax</b>		<u>(381,780)</u>	<u>(146,224)</u>
Taxation		<u>59,019</u>	<u>(31,004)</u>
<b>Net (loss)/profit</b>		<u>(322,761)</u>	<u>(177,228)</u>
<b>Total comprehensive (loss)/income for the period attributable to equity shareholders of the parent</b>		<u>(322,761)</u>	<u>(177,228)</u>
<b>Basic EPS (£/share)</b>	3	<u>(0.27)</u>	<u>(0.15)</u>
<b>Diluted EPS (£/share)</b>	3	<u>(0.27)</u>	<u>(0.15)</u>

\* EBITDA refers to earnings before interest, tax, depreciation and amortisation and impairment.

**Consolidated Statement of Financial Position**  
**For the period ended 30 June 2022**

		<i>Unaudited</i> 30 June 2022 £	<i>Unaudited</i> 30 June 2021 £
	<i>Notes</i>		
<b>Non-current assets</b>			
Intangible assets	4	5,357,447	3,530,657
Property, plant and equipment		58,504	74,223
Right of use assets		96,410	234,761
Deferred tax asset		151,165	3,978
<b>Total non-current assets</b>		<u>5,663,526</u>	<u>3,843,619</u>
<b>Current assets</b>			
Inventories		843,140	673,474
Trade and other receivables	5	2,402,240	1,120,256
Current tax receivable		268,481	237,144
Cash and cash equivalents		179,428	1,516,147
<b>Total current assets</b>		<u>3,693,289</u>	<u>3,547,021</u>
<b>Total assets</b>		<u>9,356,815</u>	<u>7,390,640</u>
<b>Current liabilities</b>			
Borrowings		(30,000)	(30,000)
Trade and other payables	5	(1,795,029)	(1,000,546)
Current tax payable		–	–
Lease liability		(106,631)	(161,164)
<b>Total current liabilities</b>		<u>(1,931,660)</u>	<u>(1,191,710)</u>
<b>Net current assets</b>		<u>1,761,629</u>	<u>2,355,311</u>
<b>Total assets less current liabilities</b>		<u>7,425,155</u>	<u>6,198,930</u>
<b>Non-current liabilities</b>			
Borrowings		(70,000)	(100,000)
Deferred grant income		(3,769,477)	(2,338,828)
Lease liability		–	(92,460)
Deferred tax provision		(385,170)	(292,769)
<b>Total non-current liabilities</b>		<u>(4,224,647)</u>	<u>(2,824,057)</u>
<b>Total liabilities</b>		<u>(6,156,306)</u>	<u>(4,015,767)</u>
<b>Net assets</b>		<u>3,200,508</u>	<u>3,374,873</u>
<b>Equity attributable to equity holders of the Group</b>			
Share capital	6	12	12
Retained profits		3,161,443	3,374,861
<b>Total equity</b>		<u>3,200,508</u>	<u>3,374,873</u>

**Consolidated Statement of Changes in Equity**  
**For the period ended 30 June 2022**

	<i>Share capital £</i>	<i>Retained earnings £</i>	<i>Total equity attributable to owners of the parent £</i>
<b>At 1 January 2021 (audited)</b>	12	3,552,089	3,552,101
Loss for the six month period ended 30 June 2021 (unaudited)	–	(177,228)	(177,228)
<b>At 30 June 2021 (unaudited)</b>	12	3,374,861	3,374,873
Profit for the six month period ended 31 December 2021 (unaudited)	–	248,396	248,396
Dividends paid (audited)	–	(100,000)	(100,000)
<b>At 31 December 2021 (audited)</b>	12	3,523,257	3,523,269
Loss for the six month period ended 30 June 2022 (unaudited)	–	(322,761)	(322,761)
<b>At 30 June 2022 (unaudited)</b>	12	3,200,496	3,200,508

**Consolidated Statement of Cash Flows**  
**For the period ended 30 June 2022**

	<i>Unaudited</i> 6 months ended 30 June 2022	<i>Unaudited</i> 6 months ended 30 June 2021
Notes	£	£
<b>Cash flow from operating activities</b>		
Loss for the period	(322,761)	(177,228)
<i>Adjustments for:</i>		
Tax (credit)/charge	(59,019)	31,004
Finance costs	9,688	12,109
Amortisation of intangible assets	26,332	1,011
Depreciation of tangible assets	94,751	105,247
Impairments of debts from third parties	(3,950)	(36,000)
Non cash grant income	–	(8,017)
Loss on disposal of assets	–	–
	<u>(254,959)</u>	<u>(71,874)</u>
<b>Changes in working capital:</b>		
(Increase) in inventories	(65,471)	(51,396)
(Increase) in trade and other receivables	(11,351)	(24,926)
Increase/(decrease) in trade and other payables	<u>(366,053)</u>	<u>196,245</u>
<b>Cash used in operation</b>	(697,834)	48,049
Income taxes received	<u>1,183</u>	<u>42,419</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(696,651)</u>	<u>90,468</u>
<b>Cash flow from investing activities</b>		
Capitalised development costs	(981,950)	(335,720)
Grant income on capitalised research and development	825,737	241,710
Purchase of intangible assets	(5,985)	(2,018)
Purchase of property, plant and equipment	(4,151)	(8,403)
Repayment of loans issued to third parties	<u>3,950</u>	<u>36,000</u>
<b>Net cash used in investing activities</b>	<u>(162,399)</u>	<u>(68,431)</u>
<b>Cash flow from financing activities</b>		
Costs relating to admission to AIM	5 (145,377)	–
Interest paid	(9,688)	(12,109)
Dividends paid	–	–
Repayments of bank loans and borrowings	(15,000)	(6,983)
Payment of lease obligations	<u>(83,023)</u>	<u>(89,957)</u>
<b>Net cash used in financing activities</b>	<u>(253,088)</u>	<u>(109,049)</u>
<b>Decrease in cash and cash equivalents</b>	(1,112,138)	(87,012)
Net cash and cash equivalents at beginning of the period	<u>1,291,566</u>	<u>1,603,159</u>
<b>Net cash and cash equivalents at end of period</b>	<u>179,428</u>	<u>1,516,147</u>

## Notes to the Interim Financial Statements

For the period ended 30 June 2022

### Company information

RDM Group Limited (“**RDM Group**”) is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 33, Bilton Industrial Estate, Humber Avenue, Coventry, United Kingdom, CV3 1JL. The consolidated interim financial statements of the RDM Group comprises RDM Group Limited and all of its subsidiaries.

The principal activity of the RDM Group is that of the supply of electrical components to the automotive industry and the development of electric autonomous vehicles.

### Significant accounting policies

The Group has presented below key extracts of its accounting policies. All policies are consistent with the Historical Financial Information presented within this Admission Document for the period ended 30 June 2021; for the period ended 30 June 2022 the same accounting policies are expected to be consistently applied for the current year ended 31 December 2022.

### Basis of preparation

These financial statements have been prepared in accordance with international accounting standards (“**IFRS**”) as adopted by the United Kingdom (“**UK**”) insofar as these apply to interim financial statements.

The financial information set out in these interim consolidated financial statements for the six months ended 30 June 2022, and its comparative information to 30 June 2021, is unaudited. The financial information presented are not statutory accounts prepared in accordance with the Companies Act 2006, and are prepared only to comply with AIM requirements for interim reporting and as part of the RDM Group’s admission to AIM.

### Basis of measurement

The financial statements have been prepared on the historical cost basis, modified to include the revaluation of certain financial instruments at fair value.

### Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### Going concern

Information on the going concern assessment of the RDM Group is set out in detail in the primary Historical Financial Information in note 2.2

### Basis of consolidation

The RDM Group recognises as intangible fixed assets development costs that are considered to meet the relevant capitalisation criteria. The measurement of such costs and assessment of their eligibility in line with the appropriate capitalisation criteria requires judgement and estimation around the time spent by eligible



staff on development, expectations around the ability to generate future economic benefit in excess of cost and the point at which technical feasibility is established.

### **Autonomous vehicles**

The Directors make a judgement as to the appropriate classification of each autonomous vehicle constructed during a period. Where vehicles are constructed for sale, autonomous vehicles are classified as inventory and are measured at the lower of cost and estimated selling price less costs to complete and sell. Where vehicles are intended for use on a continuing basis in the Group's activities they are classified as tangible fixed assets and are measured at depreciated cost.

Estimation is applied when determining labour and overheads absorbed during the construction of vehicles as well as estimating likely selling price less costs to complete and sell.

### **Treatment of costs relating to Admission to AIM**

A key judgement has been taken in relation to the treatment of admission costs, which is explained in note 5.

## **1. Revenue**

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the RDM Group that are regularly reviewed by the RDM Group's chief operating decision maker. The chief operating decision maker of the RDM Group is considered to be the Board of Directors. The RDM Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The conclusion is that the RDM Group has two operating segments as follows:

- Electrical components – the supply of electrical components for use in the automotive sector and across other industrial applications.
- Autonomous vehicles – the design, development and manufacture of autonomous vehicles.

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

### **Segmental analysis of revenue**

	<i>Unaudited 6 months ended 30 June 2022 £</i>	<i>Unaudited 6 months ended 30 June 2021 £</i>
Electrical components	1,950,598	2,549,493
Autonomous vehicles	324,086	311,000
Total revenue from contracts with customers	<u>2,274,684</u>	<u>2,860,493</u>

Revenue in the first half of 2022 has been adversely affected by unusual OEM customer shutdowns caused by well publicised supply chain issues. Gross margin has increased compared to the prior half year period, but additional costs relating to the IPO process and the internal costs of supporting the current testing phases at Changi Airport have reduced EBITDA and net profitability for the period. Cash balances have been similarly affected, compounded by timing differences in grant income receipts.

Revenue from customers who individually accounted for more than 10% of total Group revenue was as follows:

	<i>Unaudited 6 months ended 30 June 2022 £</i>	<i>Unaudited 6 months ended 30 June 2021 £</i>
Customer 1	715,863	575,971
Customer 2	720,315	984,304
	<u>1,436,178</u>	<u>1,560,272</u>

## 2. Reconciliation of taxation charge

	<i>Unaudited 30 June 2022 £</i>	<i>Unaudited 30 June 2021 £</i>
Profit/(loss) before taxation	(381,780)	(146,224)
Expected tax (credit)/charge based on a corporation tax rate of 19% in all periods	(72,538)	(27,783)
<i>Effects of:</i>		
Change in UK corporation tax rates	(27,549)	69,310
Other expenses not deductible for tax purposes	9,500	874
Research and development expenditure credits	–	(5,879)
Results of overseas subsidiaries not subject to tax	515	515
Other tax differences	31,053	(6,033)
Total tax (credit)/charge in the Income Statement	<u>(59,019)</u>	<u>31,004</u>

## 3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	<i>Unaudited 30 June 2022 £</i>	<i>Unaudited 30 June 2021 £</i>
<b>Earnings used in calculation (£s)</b>	(322,761)	(177,228)
Weighted average number of ordinary shares	1,208,215	1,208,215
<b>Basic EPS (£)</b>	(0.27)	(0.15)
Weighted average number of dilutable shares	1,208,215	1,208,215
<b>Diluted EPS (£)</b>	(0.27)	(0.15)

On 27 July 2022 the Group reorganised its share capital and issued new shares in anticipation of the AIM flotation. The EPS disclosures presented above do not include any adjustments for this reorganisation.

#### 4. Intangible assets

	<i>Patents</i> £	<i>Research and development</i> £	<i>Total</i> £
<b>Cost</b>			
At 1 January 2021	39,341	3,157,195	3,196,536
Additions	2,018	335,720	337,738
Disposals			
<b>At 30 June 2021</b>	<u>41,359</u>	<u>3,492,915</u>	<u>3,534,274</u>
Additions	29,334	838,365	867,699
Disposals			
<b>At 31 December 2021</b>	<u>70,693</u>	<u>4,331,280</u>	<u>4,401,973</u>
Additions	5,985	981,950	987,935
Disposals			
<b>At 30 June 2022</b>	<u>76,678</u>	<u>5,313,230</u>	<u>5,389,908</u>
<b>Amortisation and impairment</b>			
At 1 January 2021	2,606	–	2,606
Amortisation charged for the period	1,011	–	1,011
<b>At 30 June 2021</b>	<u>3,617</u>	<u>–</u>	<u>3,617</u>
Amortisation charged for the period	2,512	–	2,512
<b>At 31 December 2021</b>	<u>6,129</u>	<u>–</u>	<u>6,129</u>
Amortisation charged for the period	2,306	24,026	26,332
<b>At 30 June 2022</b>	<u>8,435</u>	<u>24,026</u>	<u>32,461</u>
<b>Carrying amount</b>			
At 30 June 2021 (unaudited)	<u>37,742</u>	<u>3,492,915</u>	<u>3,530,657</u>
At 31 December 2021 (audited)	<u>64,564</u>	<u>4,331,280</u>	<u>4,395,844</u>
At 30 June 2022 (unaudited)	<u>68,243</u>	<u>5,289,204</u>	<u>5,357,447</u>

#### 5. Treatment of expenditure of the purpose of Admission to AIM

The Group has incurred significant expenditure in the period to 30 June 2022 in anticipation of its admission to AIM. For the purpose of preparing these financial statements, the Directors are of the opinion that directly attributable expenditure should only be recognised as a cost to the business, or as a deduction from share premium, on the date the Group achieves a successful placing of share capital. Such costs will be shown as non-recurring items for presentational purposes.

The Directors have therefore included costs of £711,382 within prepayments, of which £371,956 is accrued as it is unavoidable professional costs which are not contingent on the successful admission. Should the admission to AIM not be successful, this prepayment balance would be expensed to the Income Statement.

Any non-directly attributable costs of admission to AIM, such as statutory audit fees, have been expensed to the Income Statement in the appropriate period.

Within the Statement of Cash Flows, all costs relating to admission have been included within financing costs, whilst operating cashflows exclude the impact of movements in receivables and payables relating to these costs. Certain elements of these cashflows may be reclassified to operating cash flows for the year ended 31 December 2022, following admission to AIM.

## **6. Share capital**

Details of the Group's share capital are provided within the Admission Document, in the Historical Financial Information note 26. There have been no changes to the share capital in any period presented.

On 27 July 2022 a reorganisation of share capital resulted in new shares being issued, details of which are provided in note 31 to the Historical Financial Information.

## PART 6

### UNITED KINGDOM TAXATION

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation and tax rates, and what is understood to be the current published practice (which may not be binding) of HMRC in the UK at the date of this document, both of which are subject to change (possibly with retroactive effect), regarding the ownership and disposal of Ordinary Shares. This summary does not purport to be a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares.

This summary should not be construed as constituting advice and any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation and Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

#### 1. THE UNITED KINGDOM

##### 1.1 The Company

It is expected that the Company will be subject to UK corporation tax at a rate of 19 per cent. on income and gains less relief for allowable expenses and losses, subject to the availability of certain exemptions. With effect from 1 April 2023, the legislated increase in the UK corporation tax to 25 per cent. will apply to the Company.

It will not be an investment trust company for the purposes of section 1158 of the CTA 2010.

##### 1.2 Shareholders

###### (a) ***Taxation on dividends***

The taxation of dividends paid by the Company and received by an investor resident for tax purposes in the UK is summarised below.

###### *Individuals*

Shareholders who are individuals receive a tax free dividend nil rate band of £2,000 per tax year and are liable to UK income tax on the amount of any dividends received over this. The rates of income tax on dividend income that exceed the tax-free allowance (taking account of any other dividend income received by the Shareholder in the same tax year) are 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers and 39.35 per cent. for additional rate taxpayers.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

###### *Trustees*

The annual tax-free dividend allowance of £2,000 available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 8.75 per cent. on total trust income if below £1,000 and 39.35 per cent. thereafter.

The £1,000 standard rate band will need to be divided by the number of trusts set up by the same settlor. If the same settlor has set up 5 or more trusts, the standard rate band for each trust is £200.

### *Companies*

A corporate Shareholder resident in the UK for tax purposes will be subject to UK corporation tax on dividend payments received from the Company unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. In general, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding-up and (ii) dividends paid to a person holding less than, among other things, 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class subject to certain anti-avoidance provisions.

If the conditions for exemption are not, or cease to be, satisfied, or such Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent.

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

### *Withholding tax*

There is no UK withholding tax on dividends, including cases where dividends are paid to a Shareholder who is not resident (for tax purposes) in the UK.

#### **(b) Taxation on chargeable gains**

If a Shareholder who is a UK tax resident individual disposes of all or some of his Ordinary Shares, a liability to UK capital gains tax may arise (20 per cent. for individuals whose total income and gains exceed the income tax basic rate limit, and at a rate of 10 per cent. where total income and gains fall below the basic rate limit). The extent of the tax liability on any gains which may arise will depend on the availability of the annual capital gains tax exemption and any other tax relief such as existing capital losses.

A UK tax resident corporate Shareholder holding shares may be subject to UK corporation tax on any gain arising, subject to potential mitigation for indexation allowances and losses available for relief. An exemption from UK corporation tax on any such gain may be available if the requirements of the substantial shareholding exemption are met.

Shareholders who are not tax resident in the UK may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK with which their Ordinary Shares are connected). Individual Shareholders who are temporarily not UK tax resident may also be liable to UK capital gains tax on chargeable gains realised on their return to the UK. Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their personal circumstances.

Investor's Relief may be available where investors meet the relevant criteria, and therefore, a reduced rate of capital gains tax may apply.

#### **(c) Inheritance tax ("IHT")**

Individuals and trustees subject to IHT in relation to a shareholding in the Company may be entitled to business property relief of up to 100 per cent. after a holding period of two (2) years provided that all the relevant conditions for the relief are satisfied at the appropriate time.

In the absence of IHT business property relief, the value of the shareholding will be subject to IHT in the event of death or a chargeable lifetime transfer at rates up to 40 per cent., subject to any available exemptions or other reliefs.

Trustees of discretionary trusts may be subject to IHT on ten year anniversaries or when shares are appointed out of trust at rates up to 6 per cent.



(d) ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

Under current law, no stamp duty or SDRT will be payable on the issue of Ordinary Shares pursuant to the Placing. AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or SDRT should arise on their subsequent transfer.

## **PART 7**

### **ADDITIONAL INFORMATION**

#### **1. THE GROUP**

- 1.1 The Company was incorporated under the Act in England and Wales on 25 August 2005 under the name GW 8187 Limited with registered number 5546181 as a private company limited by shares. The Company is domiciled in England and Wales.
- 1.2 On 14 February 2006 the Company changed its name to RDM Group Limited.
- 1.3 On 8 September 2022, the Company was re-registered as a public company limited by shares under the Act and changed its name to Aurigo International plc.
- 1.4 The principal place of business of the Group and the registered office address of the Company is at Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL. Its telephone number is +44 (0) 2476 635818.
- 1.5 The principal legislation under which the Company was formed was the Companies Act 1985, which has now been superseded by the Act and accordingly the principal legislation under which the Company now operates is the Act and the Placing Shares will be issued under the Act. The liability of the Shareholders is limited.
- 1.6 The Company's website, at which the information required by Rule 26 of the AIM Rules can be found, is [www.aurigo.com](http://www.aurigo.com).
- 1.7 The business of the Company and its principal activity is to act as the holding company of the Group.
- 1.8 The Company has no administrative, management or supervisory bodies other than the Board, the Audit Committee, the Remuneration Committee, Nominations Committee and a Sustainability and ESG Committee. From Admission, the Ordinary Shares will be admitted to trading on AIM.
- 1.9 The Company's accounting period ends on 31 December of each year. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.

- 1.11 The Company is the holding company of the Group and has the following subsidiaries and subsidiary undertakings:

<i>Subsidiary/subsidiary undertaking</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Percentage of issued share capital directly or indirectly held by the Company</i>
RDM Trustee Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by the Company
RDM Meditec Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by the Company
Aurigo Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by the Company
D G Automotive Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by the Company
RDM Telematics Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by D G Automotive Limited
RDM Automotive Limited	Dormant company	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by D G Automotive Limited
Richmond Design and Marketing Limited	Manufacture and design of other parts and accessories for motor vehicles	England and Wales	Azets, Ventura Park Road, Tamworth, England, B78 3HL	100% held by D G Automotive Limited
Aurigo Pty Ltd	Design and manufacture of autonomous vehicles and systems	Australia	Piper Alderman Level 16, 70 Franklin Street, Adelaide SA 5000	100% held by Aurigo Limited
Aurigo LLC	Dormant Company	United States	206 E. 9th Street, Suite 1300 Austin, TX 78701-4411	100% by Aurigo Limited
Aurigo Canada Ltd	Design and manufacture of autonomous vehicles and systems	Canada	7 Bayview Road Ottawa Ontario, K1Y 2C5 Canada	100% by Aurigo Limited
Aurigo PTE. Ltd.	Design and manufacture of autonomous vehicles and systems	Singapore	60 Airport Boulevard #B16-30, Changi Airport Terminal 2, Singapore 819643	100% by Aurigo Limited

## 2. GROUP REORGANISATION

- 2.1 On 8 September 2022, the Company completed the Group Reorganisation, resulting in the Company, being the parent company of the Group, being re-registered as a public company limited by shares.
- 2.2 On 27 July 2022:
- (a) a cash dividend in the amount of £900,000 was paid by RDM to its sole shareholder, D G Automotive Limited;

- (b) immediately following 2.2(a), a cash dividend in the amount of £900,000 was paid by D G Automotive Limited to its sole shareholder, the Company;
  - (c) immediately following 2.2(b), the Company issued and allotted one ordinary share of £0.00001 in the capital of the Company, by way of a bonus issue, subscribed for at market value by Graham Keene.
- 2.3 On 27 July 2022, the Company issued and allotted 11,784 ordinary shares of £0.00001 at a ratio of 1,473 new ordinary shares of £0.00001 for each 151,027 existing ordinary shares held by the shareholders of the Company as at 27 July 2022.
- 2.4 On 27 July 2022, the Company consolidated its entire issued share capital, at a ratio of 1 ordinary share for every 200 existing ordinary shares in issue, resulting in the nominal value of each ordinary share in the capital of the Company being £0.002 each.
- 2.5 On 27 July 2022, the Company issued and allotted 24,993,900 Ordinary Shares to the existing ordinary shareholders of the Company as at 27 July 2022 by way of a bonus issue.
- 2.6 On 8 September 2022, the Company was re-registered as a public company limited by the shares and the Group Reorganisation was completed.

### 3. SHARE CAPITAL

- 3.1 On incorporation, 1 Ordinary Share was issued at £1.00 (fully paid-up) for the purpose of incorporation to the subscriber to the Company's Memorandum of Association.
- 3.2 Save in respect of the Group Reorganisation referred to in paragraph 2 of this Part 7 of this document, there was no change in the share capital of the Company during the period covered by the Historical Financial Information set out in Part 4 of this document.
- 3.3 Set out below, and following the Group Reorganisation, is the issued share capital of the Company: (i) at the date of this document; and (ii) immediately following Admission:

	<i>Ordinary Shares</i>	
	<i>Aggregate Nominal</i>	
	<i>value (£)</i>	<i>Number</i>
(i) As at the date of this document	50,000	25,000,000
(ii) Immediately following Admission	83,333.33	41,666,667

- 3.4 The number of shares in issue at the beginning of the last financial year (to 31 December 2021) and at the end of that financial year was 1,208,215 ordinary shares of £0.00001 each in the capital of the Company.
- 3.5 By ordinary and special resolutions passed on 8 September 2022 by the holders of the Existing Ordinary Shares:
- (a) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to allot the Placing Shares and the EMI Options, such authority to expire at the next annual general meeting of the Company save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Placing Shares in pursuance of such an offer or agreement as if such authority had not expired;
  - (b) the Directors were generally empowered (pursuant to Section 570 of the Act) to allot Placing Shares and the EMI Options pursuant to the authority referred to in paragraph 3.5(a) above as if Section 561 of the Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Placing Shares to be allotted after such expiry and the Directors may allot the Placing Shares in pursuance of such an offer or agreement as if such power had not expired;

- (c) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company (i) up to an aggregate nominal amount of £55,555.55 in connection with an offer by way of a rights issue; and (ii) in any other case up to an aggregate nominal amount of £27,777.77 (such amount to be reduced by the nominal amount of any equity securities allotted in excess of £55,555.55), such authority to expire upon the earlier of the date falling 18 months from this resolution being passed or the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require such allotment or grant in pursuance of such an offer or agreement as if such authority had not expired;
  - (d) the Directors were generally empowered (pursuant to Section 570 of the Act) to allot equity securities pursuant to an offer or issue by way of rights, open offer or other pre-emptive offer, and otherwise up to an aggregate nominal amount of £20,833.33, as if Section 561 of the Act did not apply to any such allotment, such authority to expire upon the earlier of the date falling 18 months from this resolution being passed or the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require such allotment or grant in pursuance of such an offer or agreement as if such authority had not expired.
- 3.6 The Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of shares that can be issued by the Company.
- 3.7 In accordance with the power granted to the Directors by the Articles and the resolutions described in paragraphs 3.5(a) and (b) above, it is expected that the Placing Shares will be allotted (conditionally only upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Act.
- 3.8 The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolutions referred to in sub-paragraphs 3.5(b) and 3.5(d) above.
- 3.9 The Ordinary Shares have, and the Placing Shares will have, attached to them full voting, dividend and capital distribution (including on winding up) rights, but do not confer any rights of conversion or redemption, and are subject to the rights and restrictions set out in the Articles which are summarised in paragraph 5 below.
- 3.10 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- 3.11 As at the date of this document the only securities in issue are the Existing Ordinary Shares and there is in issue no loan capital, warrants or (save as described in paragraph 4 of this Part 7 of this document) options.
- 3.12 Save as disclosed in paragraph 10.1 of this Part 7 of this document, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since its incorporation.
- 3.13 No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.14 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 3.15 The Company does not have in issue any securities not representing share capital and there are no outstanding securities in issue by the Company.

- 3.16 Other than the Placing and any Ordinary Shares to be issued pursuant to the exercise of any EMI Options to be issued pursuant to the EMI Plan, the Company has no present intention to issue any further Ordinary Shares in the Company.
- 3.17 On Admission, save as described in paragraph 4 of this Part 7 of this document no share or loan capital of the Company will be under option or has been agreed conditionally or unconditionally to be put under option.
- 3.18 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM other than pursuant to the Placing.
- 3.19 The Placing Shares will be issued and allotted pursuant to the authorities granted by the resolutions referred to in paragraph 3.4 of this Part 7 of this document.
- 3.20 The International Security Identification Number for the Ordinary Shares is GB00BNG73286.

#### **4. EMI PLAN**

- 4.1 The Company has adopted a tax advantaged employee share scheme under the rules of the Enterprise Management Incentive regime. Options have been granted over a total of 1,666,664 Ordinary Shares to 52 individuals pursuant to the EMI Plan, such EMI Options being conditional on Admission.
- 4.2 The EMI Options are exercisable to the extent vested but are not subject to performance conditions. The EMI Options shall vest in tranches over a three year period. The EMI Options are subject to a lock in, so that they may not be exercised at all until the first anniversary of Admission (other than on a change of control) and any Ordinary Shares acquired may only be sold between the first and second anniversary of Admission through SCM Securities to ensure an orderly market.
- 4.3 As part of Aurigo's admission to AIM, certain members of staff will be granted a total of 1,666,664 share options over the Ordinary Shares of Aurigo. These will give the holders rights to subscribe for newly issued shares in Aurigo, with one third exercisable on the one year anniversary of Admission, and the remainder exercisable monthly thereafter in equal amounts for the next 24 months. The options have an exercise price of 24p per share, and the total fair value of all options has been provisionally estimated to be £459,000, being a weighted average fair value of 27.5p per share.

#### **5. THE ARTICLES**

The Articles, which were adopted by the Company on 8 September 2022 as part of the Group Reorganisation, contain provisions, *inter alia*, to the following effect:

##### **5.1 Objects/purposes**

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

##### **5.2 Voting rights**

- (a) Subject to the provisions of the Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member holding Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy shall, on a show of hands, have one vote and every member holding Ordinary Shares present in person (or, being a corporation, by representative) or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint



holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

### 5.3 Dividends

- (a) Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of twelve months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

#### 5.4 **Transfer of shares**

- (a) Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
  - (i) it is in respect of a share which is fully paid up;
  - (ii) it is in respect of only one class of shares;
  - (iii) it is in favour of a single transferee or not more than four joint transferees;
  - (iv) it is duly stamped (if so required); and
  - (v) it is deposited for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- (c) The board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.
- (d) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- (e) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (f) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.

#### 5.5 **Variation of rights**

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the

relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

## 5.6 **Alteration of share capital**

The Company may, from time to time, by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares; and
- (b) subject to the provisions of the Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares.

## 5.7 **General meetings**

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time to time.
- (c) The notice of any general meeting shall include such statements as are required by the Act and shall in any event specify:
  - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
  - (ii) whether the meeting shall be a physical or electronic general meeting or a hybrid meeting (both physically and electronically);
  - (iii) for physical general meetings the place, the day, and the time of the meeting;
  - (iv) the general nature of the business to be transacted at the meeting;
  - (v) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
  - (vi) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to

vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 14 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:
  - (i) the chairman of the meeting;
  - (ii) at least five members having the right to vote on the resolution;
  - (iii) a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
  - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

## 5.8 **Borrowing powers**

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## 5.9 **Issue of shares**

- (a) Subject to the provisions of the Act, and to any relevant authority of the Company required by the Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide.
- (b) Subject to the provisions of the Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

#### 5.10 Directors' fees

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £500,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.
- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

#### 5.11 Directors' interests

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Act, a Director, notwithstanding his office:
  - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
  - (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any

such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

#### 5.12 **Restrictions on Directors voting**

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
  - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
  - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
  - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
  - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
  - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
  - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
  - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure.

#### 5.13 **Number of Directors**

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

#### 5.14 **Directors' appointment and retirement**

- (a) Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.



- (b) At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire.
- (c) At each annual general meeting, any Director who held office at the time of the two preceding annual general meetings and who did not retire at either of them shall retire from office and may offer himself for election/re-election by the members.
- (d) Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting.

#### **5.15 Notice requiring disclosure of interest in shares**

- (a) The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.
- (b) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the Shareholder shall not be entitled to vote in general meetings or class meetings where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### **5.16 Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### **5.17 Indemnity of officers**

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).



## **6. THE CITY CODE ON TAKEOVERS AND MERGERS**

### **6.1 Mandatory bid**

(a) The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (i) a person acquires an interest in Ordinary Shares which, when taken together with Ordinary Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Ordinary Shares which increase the per cent. age of Ordinary Shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous twelve months.

(b) Following Admission, members of the Concert Party will hold, in aggregate, 25,000,000 Ordinary Shares, representing approximately 60 per cent. of the issued Ordinary Share capital of the Company. Should any member of the Concert Party acquire any interest in Ordinary Shares such that the Concert Party is interested in 30 per cent. or more of the voting rights of the Company, the Panel may regard this as giving rise to an obligation upon that member of the Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Concert Party or any other member of the Concert Party in the previous 12 months.

### **6.2 Compulsory acquisition – squeeze out**

Under Sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

### **6.3 Compulsory acquisition – sell out**

In addition, pursuant to Section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

## **7. CREST**

7.1 CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations.

- 7.2 The Ordinary Shares are eligible for settlement in CREST. Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.
- 7.3 For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & International Limited at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0) 20 7849 0000.

## 8. DIRECTORS' AND OTHER INTERESTS

- 8.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which have been notified to the Company (or are required to be disclosed in the register of directors' interests pursuant to Section 808 of the Act) and the interests of connected persons of a Director within the meaning of section 252 of the Act which would, if the connected person were a Director, be required to be disclosed in accordance with the foregoing and the existence of which is known to or could with reasonable diligence be ascertained by that Director, as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>%</i>	<i>Ordinary Shares</i>	<i>%</i>
David Keene*	12,500,000	50	12,500,000	30
Graham Keene*	12,500,000	50	12,500,000	30
Ian Grubb	NIL	NIL	NIL	NIL
Andrew Cornish	NIL	NIL	208,333	0.50
Penny Coates	NIL	NIL	312,500	0.75
Joseph Elliott	NIL	NIL	52,084	0.13
Lewis Girdwood	NIL	NIL	104,167	0.25

\* David Keene, Graham Keene and Samuel Munslow will, on Admission, together hold 60 per cent. of the Enlarged Share Capital and will together form the Concert Party, as described in paragraph 6.1(b) of this Part 7 of this document.

- 8.2 Details of the total number of options granted to Directors under the EMI Plan outstanding as at Admission are as follows:

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price</i>	<i>Number of Ordinary</i>
		<i>per Ordinary Share (p)</i>	<i>Shares under option</i>
Ian Grubb	9 September 2022	24	118,416

- 8.3 Save as otherwise set out in paragraph 4 of this part 7 of this document, as at the date of this document, none of the Directors have been granted any options over or warrants to subscribe for Ordinary Shares.
- 8.4 Save as otherwise set out in paragraph 8.1 of this part 7 of this document, none of the Directors has any interests in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of sections 820 to 825 of the Act) have any such interests, whether beneficial or non-beneficial.
- 8.5 Save for the letters of appointment referred to in paragraph 9 of this Part 7 or the Placing Agreement referred to in paragraph 10.2 of this Part 7, there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent directors, shareholders or recent shareholders of the Company connected with or dependent upon Admission or the Placing.

- 8.6 In addition to their directorships in the Company, the Directors currently hold and/or have held the following directorships and/or been a partner in the following partnerships within the period of five years prior to the publication of this document:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
David Keene	Aurigo Limited Revival Cars Limited RDM Telematics Limited RDM Automotive Limited RDM Trustee Limited RDM Meditec Limited Richmond Design & Marketing Limited D G Automotive Limited Keen4parts Limited Aurigo Pty Limited Aurigo Canada Limited Aurigo LLC Aurigo Pte Limited	Leacy UK Limited Wood & Pickett Mini Centre Limited Wood & Pickett of London Limited Leacy MG Limited XPart Limited IWS Pudsey Limited
Graham Keene	Aurigo Limited Revival Cars Limited RDM Automotive RDM Trustee Limited RDM Meditec Limited Richmond Design & Marketing Limited D G Automotive Limited Keen4parts Limited Aurigo Pty Limited Aurigo Canada Limited Aurigo LLC Aurigo Pte Limited	IWS Pudsey Limited
Ian Grubb	Richmond Design & Marketing Limited Aurigo Pte Limited	Leacy UK Limited Leacy MG Limited Wood and Pickett Mini Centre Limited Wood & Pickett of London Limited XPart Limited
Andrew Cornish	Middlesex County Cricket Club Limited Middlesex Global Academy Limited CAMSO Consulting Limited Take Her Lead CIC	Somerset Country Cricket Club Limited
Penny Coates	East Midlands Freeport Limited Chester Zoo Enterprises Limited Solutions for Retail Brands Limited (to be renamed Supply Pilot Limited) National Space Centre The National Forest Company The National Forest Charitable Trust North of England Zoological Society (The) The Forest Experience Limited	London Luton Airport Operations Limited East Midlands Freeport Limited Rutland Citizens Advice Bureau
Joseph Elliott	Culture Coventry Jaguar Daimler Heritage Trust	Coventry & Warwickshire Childrens Charity The Alan Higgs Centre Trust Elliott's Car Accessories Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Lewis Girdwood	Star Handling (Southend) Limited Esken Limited Thames Gateway Airport Limited London Southend Jet Centre Limited London Southend Airport Company Limited Esken Finance plc Stobart AD1 Limited Westlink Holdings Limited Carlisle Lake District Airport Limited Wadi Properties Limited London Southend Solar Limited Star Handling Limited Ansa Logistics Limited Esken Aviation Limited Westlink Group Limited Connect Aviation Plc SPD1 Limited Esken Realisations Limited Esken Properties Limited SAI1 Limited Stobart Business Services Limited Esken Estates Holdings Limited Esken Holdings Limited Esken Renewables Limited Esken Biomass Transport Limited Esken Green Energy Limited Esken Limited (Guernsey) Moneypenny Ltd (Guernsey)	Galdrinkam Limited XYZ Rail Limited SPD2 Limited Stobarts Ports Developments Limited Stobart Biomass Holdings Limited IAG Cargo Limited Zenda Group Limited Dunwoody Airline Services Limited Widnes Realisations Limited Falconer Group Limited

8.7 Save as disclosed below in paragraph 8.8 in this document, no Director:

- (a) has any unspent convictions in relation to indictable offences (including fraudulent offences); or
- (b) has ever had any bankruptcy order made against him or her or entered into any individual voluntary arrangements with his or her creditors; or
- (c) has ever been a director of any company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he or she was a director of that company or within the 12 months after he or she ceased to be a director of that company; or
- (d) has ever been a partner of any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he or she was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership; or
- (e) has owned, or been a partner in a partnership which owned, any asset which, while he or she owned that asset, or while he or she was a partner or within 12 months after his or her ceasing to be a partner in the partnership which owned that asset, entered into receivership; or
- (f) has received any official public incrimination and/or sanction by any statutory or regulatory authority (including recognised professional bodies); or
- (g) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8.8 Joseph Elliott was a director of Arena 2001 Limited at the time it entered into a creditor's voluntary liquidation on 18 December 2008 and was dissolved on 18 October 2012.

- 8.9 No Director nor any member of a Director's family has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 8.10 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 8.11 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.
- 8.12 In addition to the interests of the Directors set out in paragraph 8.1 above, the Directors are aware of the following interests (within the meaning of Part 22 of the Act) in the Ordinary Shares which, immediately following Admission, would amount to three per cent. or more of the Company's issued share capital:

<i>Name</i>	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>%</i>	<i>Ordinary Shares</i>	<i>%</i>
Unicorn Asset Management Limited	–	–	6,250,000	15.0
Amati Global Investors Limited	–	–	4,243,750	10.43
Rathbone Investment Management	–	–	2,304,502	5.53

- 8.13 Save as disclosed in paragraph 8.1 and 8.12 above, the Directors are not aware of any person or persons who, directly or indirectly, has, or will have an interest in the Company which represents three per cent. or more of the issued share capital or the voting rights of the Company who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 8.14 Neither the Directors nor any of the Company's major Shareholders have, or will have on Admission, different voting rights to other Shareholders.

## 9. DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

- 9.1 Summary details of the service agreements and letters of appointment entered into by the Company and the Directors are set out below:

(a) **Executive Directors**

(i) **David Keene**

Mr D Keene has entered into a service agreement with the Company, effective from 15 September 2022. Mr D Keene is employed by the Company as Co-Founder and Chief Executive Officer Mr D Keene's salary is £250,000 per annum. Mr D Keene's commencement date for the purpose of his continuous employment is 1 July 1994. In addition to the usual conduct-related termination rights, the agreement entitles Mr D Keene to terminate his employment on not less than six months' notice. Mr D Keene is not entitled to a payment on termination of his employment save in respect on any contractual notice pay due where the company does not require Mr D Keene to work his notice (or spend his notice period on garden leave) and opts to make a payment in lieu of notice. Mr D Keene's agreement contains confidentiality undertakings and prohibitions (which apply for a period of 6 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships and suppliers. Mr D Keene is also entitled to private medical insurance and 30 days holiday per annum, and the Company will make contributions to his personal pension of £40,000 per annum.

(ii) **Graham Keene**

Mr G Keene has entered into a service agreement with the Company, effective from 15 September 2022. Mr G Keene is employed by the Company as co-founder and director of corporate development Mr G Keene's salary is £225,000 per annum. Mr G

Keene's commencement date for the purpose of his continuous employment is 1 January 1995. In addition to the usual conduct-related termination rights, the agreement entitles Mr G Keene to terminate his employment on not less than six months' notice. Mr G Keene is not entitled to a payment on termination of his employment save in respect on any contractual notice pay due where the company does not require Mr G Keene to work his notice (or spend his notice period on garden leave) and opts to make a payment in lieu of notice. Mr G Keene's agreement contains confidentiality undertakings and prohibitions (which apply for a period of 6 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships and suppliers. Mr G Keene is also entitled to private medical insurance and 30 days holiday per annum, and the Company will make contributions to his personal pension of £40,000 per annum.

(iii) ***Ian Grubb***

Mr Grubb has entered into a service agreement with the Company, effective from 15 September 2022. Mr Grubb is employed by the Company as Chief Financial Officer. Mr Grubb's salary is £165,000 per annum. Mr Grubb's commencement date for the purpose of his continuous employment is 28 February 2022. In addition to the usual conduct-related termination rights, the agreement entitles Mr Grubb to terminate his employment on not less than six months' notice. Mr Grubb is not entitled to a payment on termination of his employment save in respect on any contractual notice pay due where the company does not require Mr Grubb to work his notice (or spend his notice period on garden leave) and opts to make a payment in lieu of notice. Mr Grubb's agreement contains confidentiality undertakings and prohibitions (which apply for a period of 6 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships and suppliers. Mr Grubb is also entitled to private medical insurance and 30 days holiday per annum, and the Company will make contributions to his personal pension of 5 per cent. of annual salary

(b) **Non-Executive Directors**

(i) ***Andrew Cornish***

Pursuant to an agreement with the Company dated 9 September 2022, Mr Cornish was appointed as Non-Executive Chair of the Company. The appointment is for an initial term of three years commencing on 9 September 2022 unless terminated earlier by either party giving to the other three month's prior written notice. The appointment is subject to the Articles and to Shareholder re-election in accordance therewith. The fee payable to Mr Cornish will be £120,000 per annum before tax in respect of his role as chair of the Company. This fee is based on the anticipated time commitment of a minimum of 4 days per month and includes any fees payable in respect of his appointment to any board committees.

In addition to the fee mentioned above, Mr Cornish will receive a bonus of £60,000 (gross) in respect of the work that he has undertaken for the Group leading up to Admission, and which he will utilise to acquire 125,000 Ordinary Shares pursuant to the Placing.

£77,000 (excluding VAT) will, on Admission to be paid to CAMSO Consulting Limited ("CAMSO"), a company of which Mr Cornish and his wife are directors and sole shareholders in consideration for the provision by CAMSO of the services of Mr Cornish to the Group by way of a consultancy arrangement in the 15 months prior to Admission, assisting the Company and the Group to prepare for Admission.

(ii) ***Penny Coates***

Pursuant to an agreement with the Company dated 9 September 2022, Ms Coates was appointed as a Non-Executive Director of the Company. The appointment is for an initial term of three years commencing on 9 September 2022 unless terminated earlier by



either party giving to the other three month's prior written notice. The appointment is subject to the Articles and to Shareholder re-election in accordance therewith. The fee payable to Ms Coates will be £50,000 per annum before tax in respect of her role as a Non-Executive Director of the Company. This fee is based on the anticipated time commitment of a minimum of 2 days per month and includes any fees payable in respect of her appointment to any board committees.

In addition to the fee mentioned above, Ms Coates will receive a bonus of £25,000 (gross) in respect of the work that she has undertaken for the Group leading up to Admission, and which she will utilise to acquire 52,084 Ordinary Shares pursuant to the Placing.

(iii) **Joseph Elliott**

Pursuant to an agreement with the Company dated 9 September 2022, Mr Elliott was appointed as a Non-Executive Director of the Company. The appointment is for an initial term of three years commencing on 9 September 2022 unless terminated earlier by either party giving to the other three month's prior written notice. The appointment is subject to the Articles and to Shareholder re-election in accordance therewith. The fee payable to Mr Elliott will be £50,000 per annum before tax in respect of his role as a Non-Executive Director of the Company. This fee is based on the anticipated time commitment of a minimum of 2 days per month and includes any fees payable in respect of his appointment to any board committees.

In addition to the fee mentioned above, Mr Elliott will receive a bonus of £25,000 (gross) in respect of the work that he has undertaken for the Group leading up to Admission, and which he will utilise to acquire 52,084 Ordinary Shares pursuant to the Placing.

(iv) **Lewis Girdwood**

Pursuant to an agreement with the Company dated 9 September 2022, Mr Girdwood was appointed as a Non-Executive Director of the Company. The appointment is for an initial term of three years commencing on 9 September 2022 unless terminated earlier by either party giving to the other three month's prior written notice. The appointment is subject to the Articles and to Shareholder re-election in accordance therewith. The fee payable to Mr Girdwood will be £50,000 per annum before tax in respect of his role as a Non-Executive Director of the Company. This fee is based on the anticipated time commitment of a minimum of 2 days per month and includes any fees payable in respect of his appointment to any board committees.

In addition to the fee mentioned above, Mr Girdwood will receive a bonus of £25,000 (gross) in respect of the work that he has undertaken for the Group leading up to Admission, and which he will utilise to acquire 52,084 Ordinary Shares pursuant to the Placing.

- 9.2 The aggregate estimated remuneration paid or payable to the Directors by the Company for the current financial year under the arrangements in force is expected to amount to £893,105.
- 9.3 None of the Directors' service contracts or letters of appointment provide for benefits upon termination of employment, save as described in this paragraph 9 of this Part 7 of this document.
- 9.4 Save as disclosed above, there are no existing or proposed service contracts between any Director and any member of the Group and there are no existing or proposed service contracts between any Director and any member of the Group which provide for ancillary or other benefits during the period of the appointment or upon termination of employment.

### **Senior Managers**

- 9.5 The Directors are supported by an executive management team, details of whom are set out in paragraph 13 of Part 1 of this document (entitled "Senior Managers").



## 10. MATERIAL CONTRACTS OF THE GROUP

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Group for the two years immediately preceding the date of this document and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

### 10.1 The Group Reorganisation

The details of the Group Reorganisation are set out in paragraph 2 of this Part 7 of this document.

### 10.2 The Placing Agreement

Pursuant to the Placing Agreement dated 12 September 2022 between the Company, the Directors, SCM Advisory and SCM Securities, SCM Securities has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price which are allocated pursuant to the Placing.

The Placing Agreement may be terminated by Singer Capital Markets in certain customary circumstances prior to Admission. The Company has appointed SCM Advisory as nominated adviser, and SCM Securities as sole bookrunner and broker to the Company in connection with the Placing.

The obligation of the Company to issue the Placing Shares and the obligations of SCM Securities to procure subscribers for such Placing Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 15 September 2022 (or such later time and/or date, not being later than 13 October 2022, as the Company and Singer Capital Markets may agree); and (ii) the Placing Agreement not having been terminated in accordance with its terms.

In consideration for its services in relation to the Placing and Admission and conditional upon completion of the Placing, SCM Advisory will be paid a nominated adviser fee and SCM Securities will be paid a placing commission on the total aggregate gross proceeds of the Placing payable to the Company.

The Company and the Directors have given warranties to Singer Capital Markets concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given indemnities to Singer Capital Markets. The warranties and indemnities given by the Company and the Directors are standard for an agreement of this nature.

The Placing Agreement is governed by the laws of England and Wales.

### 10.3 Lock-in Deeds

Pursuant to the Lock-In Deeds dated 12 September 2022, the Locked In Persons have each agreed with the Company and SCM Advisory, not to dispose of their interests in Ordinary Shares and of any securities convertible into shares in the Company held by them and their connected persons (except in certain limited circumstances considered customary for agreements of this nature) within 12 months from Admission ("**Restricted Period**") and, for a further period of 12 months following expiry of the Restricted Period, only to dispose of their Ordinary Shares through SCM Advisory (or such other broker that may be appointed in place of SCM Advisory) in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for agreements of this nature.

### 10.4 The Registrar Agreement

Pursuant to the Registrar Agreement dated 8 September 2022 between the Company and the Registrar, the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.45 per Shareholder account per annum, subject to a minimum fee of £3,300 per annum

(exclusive of VAT) during the first 12 months. The fee is subject to increase in line with RPI. The Registrar is also entitled to activity fees under the Registrar Agreement.

The appointment pursuant to the Registrars Agreement is for an initial fixed term of three years and there Registrar Agreement may be terminated on 6 months' notice, such notice not to expire prior to the end of the third anniversary of Admission.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement.

The aggregate liability of Registrar to the Company over any 12 month period, whether such liability arises under any express or implied term of the Registrar Agreement shall not exceed twice the amount of the fees payable by the Company to the Registrar in any 12 month period in respect of a single claim or in the aggregate.

The Registrar Agreement is governed by the laws of England and Wales.

#### 10.5 **Nominated Adviser and Broker Engagement Letter**

The Company and Singer Capital Markets have entered into a nominated adviser and broker engagement letter dated 15 December 2021, pursuant to which the Company has appointed SCM Advisory to act as its nominated adviser and SCM Securities to act as broker for the purposes of the AIM Rules for Companies in connection with the Placing and Admission. The ongoing arrangements between the Company and Singer following Admission have been superseded by the Nominated Adviser and Broker Agreement.

#### 10.6 **Nominated Adviser and Broker Agreement**

The Company and SCM Advisory have entered into a nominated adviser and broker agreement dated 12 September 2022 (the "**Nominated Adviser and Broker Agreement**").

The Nominated Adviser and Broker Agreement contains certain undertakings from the Company and certain indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. SCM Advisory has the right to terminate the Nominated Adviser and Broker Agreement in certain circumstances, including, among other things, any breach by the Company of the terms of the agreement. The Nominated Adviser and Broker Agreement is subject to termination by either the Company or SCM Advisory on not less than 3 months' prior written notice, following an initial fixed period of 12 month period.

#### 10.7 **Relationship Agreement**

On 12 September 2022 the Company, the Founders and SCM Advisory entered into a relationship agreement, conditional upon Admission, pursuant to which the Founders have undertaken, amongst other things, that they will use their position as major shareholders in the Company to ensure that:

- (a) the Group shall be managed for the benefit of Shareholders as a whole and shall be capable at all times of carrying on its business independently of the Founders;
- (b) all transactions, agreements and arrangements between any member of the Group and the Founders (and/or any of their connected persons) shall be on an arm's length basis and on normal commercial terms;
- (c) at least two Directors who are considered to be independent shall at all times be appointed to the Board; and
- (d) any dispute between the Founders (or any of their connected persons) and the Group shall be dealt with by a committee comprising only Independent Directors.

The agreement is effective so long as the Founders and their connected persons hold in aggregate shares in the capital of the Company carrying 20 per cent. or more of the Company's voting share capital.

## 10.8 Lloyds facilities

- (a) RDM has entered into a debt purchase agreement dated 23 November 2005 with Lloyds with an original funding limit of £3,000,000 and a discount charge of 2.37 per cent. above the cost of funds. The service charge is 0.134 per cent., and the allowance charge is 2 per cent. below Lloyd's costs of funds ("**2005 Lloyds Debt Purchase Agreement**"). The 2005 Lloyds Debt Purchase Agreement has been amended a number of times and the current terms, pursuant to an amendment of 2 August 2010, provide that RDM has a funding limit of £700,000.
- (b) RDM has granted two all-asset debentures dated 20 September 2001 and 23 November 2005 respectively in favour of Lloyds to secure the 2005 Debt Purchase Agreement.

## 10.9 Close Brothers facilities

- (a) RDM has entered into a £75,000 CBILS loan agreement which was accepted on 23 October 2020 by Close Brothers Limited ("**Close Brothers**"). The loan is repayable in 60 instalments of principal and interest of £1,649.45 on the 19th of each month.
- (b) RDM has entered into a £98,967 fixed rate loan agreement dated 20 October 2020 with Close Brothers which is repayable in 60 monthly payments of £1,649.45 (inclusive of interest) plus a one-off documentation fee of £1,500.

## 10.10 Changi Airport Group Agreement

Aurigo Pte Ltd expects to enter into an agreement with the Changi Airport Group (Singapore) Pte Ltd shortly after Admission (the "**CAG Agreement**").

Pursuant to the CAG Agreement, the Group will move into the next phase of developing the Auto-Dolly project (autonomous dolly proof of technology trials in an aircraft stand) with CAG. The Group will work with CAG to achieve certain agreed milestones and within agreed timelines to progress the project. The CAG Agreement is subject to termination upon the occurrence of certain events.

## 11. LITIGATION

There are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, the any member of the Group which are having, or may have or have had during the 12 months preceding the date of this document a significant effect on the Company's and/or the Group's financial position or profitability.

## 12. RELATED PARTY TRANSACTIONS

Save in respect of the agreements summarised in paragraphs 9 and 10 of this Part 7, or as disclosed in the historical financial information set out in Part 4 there have been, and are currently, no agreements or other arrangements between the Company and individuals or entities that may be deemed to be related parties.

## 13. WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and the Group, taking into account the net proceeds of the Placing, will be sufficient for its present requirements that is for at least the next twelve months from the date of Admission.

## 14. NO SIGNIFICANT CHANGE

- 14.1 Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 30 June 2022, being the date to which the unaudited interim financial information in Part 5 has been prepared.

## **15. PREMISES**

The Group occupies the following premises on a leasehold basis:

- (a) Unit 11, Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL;
- (b) Units 12-13 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL;
- (c) Unit 32 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL; and
- (d) Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL.

## **16. EMPLOYEES**

The Group will have, as at Admission, 52 employees (which includes part time employees), all of whom are currently based in the Coventry offices.

## **17. GENERAL**

- 17.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.2 BDO LLP, Chartered Accountants and registered auditors of Two Snowhill, Birmingham, B4 6GA has given and not withdrawn its written consent to the inclusion in this document of its report in Section A of Part 4 of this document in the form and context in which it appears.
- 17.3 Azets Audit Services Limited is a company incorporated in England and Wales with registered number 09652677 and having its registered office at Churchill House, 59 Lichfield Street, Walsall, England, WS4 2BX. Azets Audit Services Limited is regulated by the Institute of Chartered Accountants in England & Wales to carry out audit services. Azets has given and not withdrawn its written consent to the inclusion of, and references to, its name in this document in the form and context in which it appears.
- 17.4 Barker Brettell LLP has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.5 Singer Capital Markets Advisory LLP is a limited liability partnership incorporated in England and Wales with registered number OC364131 and having its registered office at One, Bartholomew Lane, London, EC2N 2AX. Singer Capital Markets Advisory LLP is authorised and regulated by the FCA and is acting in the capacity of nominated adviser and broker to the Company following Admission.
- 17.6 Singer Capital Markets Advisory LLP has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.7 Singer Capital Markets Securities Limited is authorised and regulated by the FCA and is acting in the capacity of broker to the Company in connection with the Placing. Singer Capital Markets Securities Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.8 Singer Capital Markets Securities Limited is a company incorporated in England and Wales with registered number 05792780 and having its registered office at One, Bartholomew Lane, London, EC2N 2AX.
- 17.9 The gross proceeds of the Placing receivable by the Company are expected to amount to £6.5 million. Total costs and expenses payable by the Company in connection with the Admission, and Placing (including professional fees, commissions, the costs of printing and the fees payable to the Registrar) are estimated to amount to approximately £1.5 million.
- 17.10 Save as set out in this document no person (other than a professional adviser referred to in this document or trade supplier) has:

- (a) received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission; or
  - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
    - fees totalling £10,000 or more;
    - securities in the Company with a value of £10,000 or more calculated by reference to the issue price; or
    - any other benefit with a value of £10,000 or more at the date of Admission.
- 17.11 Save as disclosed in this document the Directors are not aware of any patents or intellectual property rights, licences or industrial, commercial or financial contracts or new technological processes which may be of material importance to the Company's business or profitability.
- 17.12 Save as disclosed in this document the Directors are not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.
- 17.13 The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets.
- 17.14 Other than as provided by the Takeover Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze out and sell out rules that apply to the Ordinary Shares of the Company.
- 17.15 There are no mandatory takeover bids and/or squeeze out and sell-out rules in relation to the Ordinary Shares.
- 17.16 The Company's accounting reference date is 31 December. The Company's current accounting reference period ends on 31 December 2022.
- 17.17 The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.
- 17.18 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 17.19 Insofar as the Directors are aware, the percentage of Ordinary Shares not in public hands (as that expression is defined in the AIM Rules) on Admission is expected to be approximately 87.10 per cent.
- 17.20 The Placing Shares will represent 40.0 per cent. of the Ordinary Shares following Admission and their issue will result in a corresponding level of dilution.
- 17.21 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's recent activities.
- 17.22 Save as disclosed at paragraph 15, as at the date of this document the Company has holds no freehold or leasehold property nor holds any long or short term lease of any premises.
- 17.23 The Directors are not aware of any other information that they should reasonably consider as necessary for the investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses, and prospects of the Company and the securities for which Admission is being sought; (ii) the rights attached to those securities; and (iii) any other matter contained herein.

## **18. AVAILABILITY OF DOCUMENT**

- 18.1 A copy of this document is available free of charge from the registered office of the Company, and at the offices of Singer Capital Markets at One, Bartholomew Lane, London, EC2N 2AX during normal business hours on any weekday (public holidays excepted) from the date of this document until at least one month after the date of Admission.
- 18.2 A copy of this document is also available on the Company's website, [www.aurigo.com](http://www.aurigo.com).

Dated: 12 September 2022

## PART 8

### TERMS AND CONDITIONS OF THE PLACING

#### Placing Terms

##### Important information for invited placees only regarding the Placing.

Members of the public are not eligible to take part in the Placing. This document and the Placing Terms are for information purposes only and are directed only at: (i) persons in member states of the European Economic Area (“**EEA**”) who are “qualified investors” within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”); (ii) persons in the United Kingdom that are “qualified investors” within the meaning of the UK version of the EU Prospectus Regulation which forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) and are persons (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) (investment professionals); (b) who fall within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations, etc.); or (c) to whom it may otherwise be lawfully distributed (all such persons in (a), (b) and (c) together being referred to as “**Relevant Persons**”). Any person who is not a Qualified Investor or a Relevant Person should not act or rely on the information contained in this document. Persons distributing this document must satisfy themselves that it is lawful to do so. Any investment or investment activity to which this document relates is available only to Qualified Investors in the EEA and Relevant Persons in the United Kingdom in connection with the Placing and will be engaged in only with Qualified Investors in the EEA and Relevant Persons in the United Kingdom. This document does not itself constitute an offer for sale or subscription of any securities in the Company.

The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any relevant restrictions as to the Placing, the Placing Shares of the Company and the distribution of this document. The information comprising this document are restricted and are not for publication, release or distribution, in whole or in part, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan, Hong Kong or any other state or jurisdiction in which such publication, release or distribution would be unlawful (each a “**Prohibited Territory**”). Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Placing Shares have not been, nor will they be, registered under the United States Securities Act 1933, (as amended) (the “**US Securities Act**”) or under any securities legislation of any state or other jurisdiction of the United States of America. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any provision or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; no document in relation to the Placing has been, or will be, lodged with, or registered by, the New Zealand Financial Markets Authority; no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing; no document has been, or will be, filed with any regulatory authority of Hong Kong in relation to the Placing; and the relevant clearances have not been, and will not be, obtained from the South African Reserve Bank and any other applicable body in the Republic of South Africa in relation to such shares. Accordingly, subject to certain exceptions, the Placing Shares may not be offered, sold, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, in or into a Prohibited Territory. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Placing Shares to any person in any Prohibited Territory.

Each Placee should consult with its advisers as to legal, tax, business and related aspects of an investment in Placing Shares. The distribution of this document, any part of it or any information contained in it may be restricted. By law in certain jurisdictions, and any person into whose possession this document, any part of it or any information contained in it comes, should inform themselves about, and observe, such restrictions.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this document should seek appropriate advice before taking any action.



This Document should be read in its entirety. In particular, you should read and understand the information provided in this Part 8 (*Terms and Conditions of the Placing*).

By participating in the Placing, each person who chooses to participate in the Placing (a “**Placee**”) will be deemed to have read and understood this document in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part 8.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a Relevant Person in the United Kingdom who acquires any Placing Shares pursuant to the Placing:
  - 2.1 it is a Qualified Investor within the meaning of Article 2(e) of the UK Prospectus Regulation;
  - 2.2 in the case of any Placing Shares acquired by it as a financial intermediary:
    - 2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than Qualified Investors or in circumstances in which the prior consent of SCM Securities has been given to the offer or resale; or
    - 2.2.2 where Placing Shares have been acquired by it on behalf of persons in the United Kingdom other than Qualified Investors, the offer of those Placing Shares to it is not treated under the UK Prospectus Regulation as having been made to such persons;
3. in the case of a Relevant Person in a member state of the EEA (a “**Relevant State**”) who acquires any Placing Shares pursuant to the Placing:
  - 3.1 it is a Qualified Investor within the meaning of Article 2(e) of the EU Prospectus Regulation;
  - 3.2 in the case of any Placing Shares acquired by it as a financial intermediary:
    - 3.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than Qualified Investors or in circumstances in which the prior consent of SCM Securities has been given to the offer or resale; or
    - 3.2.2 where Placing Shares have been acquired by it on behalf of persons in any Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;
4. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;
5. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part 8;
6. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the US Securities Act;
7. it acknowledges that the Placing Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of any Prohibited Territory and may not be offered, sold or transferred, directly or indirectly, within any Prohibited Territory except, in the case of the United States, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and
8. the Company, SCM Advisory and SCM Securities will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.



## **No prospectus**

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this document and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules for Companies (the "**AIM Rules for Companies**")) by or on behalf of the Company on or prior to Admission (the "**Publicly Available Information**") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees by SCM Securities.

Each Placee, by participating in the Placing, agrees that the content of this document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of SCM Advisory, SCM Securities, the Company or any other person and none of SCM Advisory, SCM Securities, the Company or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

SCM Securities makes no representation to any Placees regarding an investment in the Placing Shares.

## **Details of the Placing Agreement and the Placing Shares**

Pursuant to the Placing Agreement with the Company and subject to the terms and conditions set out in the Placing Agreement, SCM Securities as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price.

The Placing Shares will, when issued, be subject to the Articles and credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

## **Application for admission to trading**

An application has been made to the London Stock Exchange for admission of all of the Ordinary Shares (including the Placing Shares) to trading on AIM. It is expected that Admission of the Ordinary Shares (including the Placing Shares) will become effective at 8.00 a.m. on or around 15 September 2022 and that dealings in the Ordinary Shares on AIM will commence at the time of Admission.

## **Participation in the Placing**

This Part 8 gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares. SCM Securities and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

## **Principal terms of the Placing**

1. SCM Advisory and SCM Securities are acting as nominated adviser, financial adviser, broker and sole bookrunner to the Placing (as applicable), as agent for and on behalf of the Company. SCM Advisory and SCM Securities are authorised and regulated in the United Kingdom by the FCA and are acting exclusively for the Company and no one else in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of SCM Advisory or SCM Securities or for providing advice in relation to the matters described in this document.
2. Participation in the Placing will only be available to persons who may lawfully do so, and who are, invited by SCM Securities to participate in the Placing. SCM Securities and any of its respective affiliates are entitled to participate in the Placing as principal.

3. The final number of Placing Shares to be issued at the Placing Price will be agreed and determined between SCM Securities and the Company and such details will be announced by the Company through a Regulatory Information Service pursuant to the placing results announcement.
4. Each Placee's allocation in the Placing shall be determined by SCM Securities and the Company. Placees commitments to subscribe for the Placing Shares will be made orally to SCM Securities on a recorded telephone line and a form of confirmation documenting such commitment will be dispatched by SCM Securities by email as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of SCM Securities and the Company, under which it agrees to subscribe for the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part 8 and in accordance with the Company's articles of association. Except with SCM Securities' written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part 8 will also be deemed incorporated in the form of confirmation.
5. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to SCM Securities (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and the Company has agreed to allot and issue to that Placee.
6. Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
7. All obligations of SCM Securities under the Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
8. By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
9. To the fullest extent permissible by law and applicable FCA rules, none of:
  - (a) SCM Securities;
  - (b) SCM Advisory;
  - (c) any of SCM Securities' or SCM Advisory's affiliates, agents, directors, officers, consultants;
  - (d) to the extent not contained within (a), (b) or (c), any person connected with SCM Securities or SCM Advisory as defined in the Financial Services and Markets Act 2000 ("**FSMA**") ((c) and (d) being together "affiliates" and individually an "affiliate" of SCM Securities and/or SCM Advisory (as applicable)); and
  - (e) any person acting on SCM Securities' or SCM Advisory's behalf,

shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, none of SCM Securities, SCM Advisory nor any of their respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as SCM Securities, SCM Advisory and the Company may agree.

## **Registration and Settlement**

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic trade confirmation by SCM Securities, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to SCM Securities.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with settlement instructions as directed by SCM Securities.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. Settlement of the Placing Shares through CREST is expected to take place on 15 September 2022 and Admission is expected to occur no later than 8.00 a.m. on 15 September 2022 unless otherwise notified by SCM Securities.

It is expected that the EIS Shares and the VCT Shares will be issued unconditionally to potential subscribers on 14 September 2022 (or such later date as the Company and SCM Securities may agree in writing, being no later than 13 October 2022) being the business day prior to the Admission Date. The issue of the EIS Shares and the VCT Shares is not conditional upon the issue of the balance of the Placing Shares or Admission. However, it is conditional, *inter alia*, on:

- (i) the performance by the Company of its obligations under the Placing Agreement in so far as the same fall to be performed prior to the issue of the EIS Shares and the VCT Shares;
- (ii) the Placing Agreement having been entered into and it having not been terminated prior to the issue of the EIS Shares and the VCT Shares; and
- (iii) the satisfaction or, where appropriate, the waiver of all other conditions set out in the Placing Agreement relating to the issue of the EIS Shares and the VCT Shares.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and SCM Securities may agree that the Placing Shares should be issued in certificated form. SCM Securities reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of certificated deliveries at the rate of 2 percentage points above prevailing LIBOR as determined by SCM Securities.

Each Placee agrees that, if it does not comply with these obligations, SCM Securities may sell, charge by way of security (to any funder of SCM Securities) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for SCM Securities' own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by SCM Securities as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Conditions of the Placing**

Other than in respect of the EIS Shares and the VCT Shares, the obligations of SCM Securities and SCM Advisory under the Placing Agreement are, and the Placing is, conditional upon, *inter alia*:

- (a) the Company allotting the Placing Shares in accordance with the terms of the Placing Agreement;
- (b) the performance by the Company and the Directors of all of their respective obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;

- (c) agreement by the Company and SCM Securities of the final number of Placing Shares to be issued at the Placing Price pursuant to the Placing and the allocation of such Placing Shares to Placees;
- (d) neither SCM Securities nor SCM Advisory having exercised its right to terminate the Placing Agreement; and
- (e) Admission occurring by not later than 8.00 a.m. on 15 September 2022 (or such later date as the Company and SCM Securities may agree in writing, in any event being not later than 13 October 2022); and

(all conditions to the obligations of SCM Securities and SCM Advisory included in the Placing Agreement being together, the “**conditions**”).

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company, SCM Advisory and SCM Securities may agree) or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under “Termination of the Placing” below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by SCM Securities and SCM Advisory, in their absolute discretion by notice in writing to the Company and SCM Securities and SCM Advisory may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this document.

SCM Securities and SCM Advisory may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither SCM Securities, SCM Advisory, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of SCM Securities.

### **Termination of the Placing**

SCM Securities or SCM Advisory may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

1. it comes to the attention of SCM Securities or SCM Advisory that any of the warranties were not true or accurate, when given or deemed given; or
2. it comes to the attention of SCM Securities or SCM Advisory that the Company or any of the Directors is in material breach of any of their respective obligations under the Placing Agreement; or
3. it comes to the attention of SCM Securities or SCM Advisory that any statement contained in the placing documents has become or been discovered to be untrue, incorrect in any respect or misleading;
4. it comes to the attention of SCM Securities or SCM Advisory that a matter has arisen before Admission to give rise to an indemnity claim under the Placing Agreement; or
5. there has occurred a force majeure event or another event which is reasonably likely to have a material adverse effect on the business, condition (financial, trading, operational, legal or otherwise), management, properties, assets, rights, results of operations, earnings or assets of the Group (taken as whole) which, in the good faith opinion of SCM Securities or SCM Advisory, makes it impractical or inadvisable to proceed with the Placing or may material and adversely impact dealings in the Placing

Shares following Admission or is likely materially and adversely to affect the price at which the Placing Shares are traded on the London Stock Exchange.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company, SCM Advisory and SCM Securities that the exercise by the Company, SCM Advisory or SCM Securities of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company, SCM Advisory or SCM Securities and that neither of the Company, SCM Advisory nor SCM Securities need make any reference to such Placee and that neither SCM Securities, SCM Advisory, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the New Placing" section above and will not be capable of rescission or termination by it after the issue by SCM Securities of a form of confirmation confirming each Placee's allocation and commitment in the Placing.

### **Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT)**

The Company has applied for, and has received, advance assurance from HMRC to the effect that, subject to receipt of a satisfactory compliance statement from the Company, the EIS Shares are capable of satisfying the requirements for EIS Relief. The Company expects the VCT Shares to be capable of constituting a qualifying holding for VCT purposes.

The status of the VCT Shares as a qualifying holding for VCT purposes will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership. The status of the EIS Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by the investor) the investor throughout a period of at least three years from the date of issue. There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for VCT and/or EIS purposes (and indeed circumstances may arise where the Directors of the Company believe that the interests of the Group are not served by seeking to retain such status). Further, the conditions for VCT and EIS Relief are complex and relevant investors are recommended to seek their own professional advice before investing. This paragraph is without prejudice to any separate comfort letters which may have been given by the Company to certain EIS and/or VCT investors in connection with the Placing.

### **Representations, warranties and further terms**

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where SCM Securities expressly agree in writing to the contrary):

1. it has read and understood this document in its entirety and that its subscription or acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this document and the Publicly Available Information;
2. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under either the UK Prospectus Regulation or EU Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;
3. the Ordinary Shares will be admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules for Companies,



which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;

4. it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither SCM Securities, SCM Advisory, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this document, or the Publicly Available Information; nor has it requested SCM Securities, SCM Advisory, the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
5. neither SCM Securities, SCM Advisory nor any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
6. (a) the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in the Publicly Available Information and this document, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information and the information contained in this document; (b) neither SCM Securities, SCM Advisory, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information and the information contained in this document; (c) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (d) has not relied on any investigation that SCM Securities or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
7. the content of this document and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither SCM Securities, SCM Advisory, nor any persons acting on their behalf is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this document, the Publicly Available Information or otherwise. Nothing in this Part 8 shall exclude any liability of any person for fraudulent misrepresentation;
8. the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of any Prohibited Territory and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within any Prohibited Territory or in any country or jurisdiction where any such action for that purpose is required;
9. it and/or each person on whose behalf it is participating:
  - (a) is entitled to subscribe for Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
  - (b) has fully observed such laws and regulations;
  - (c) has capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations; and
  - (d) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part 8) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to

perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription or acquisition of Placing Shares;

10. it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed for will not be, a resident of, or with an address in, or subject to the laws of any Prohibited Territory, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of any Prohibited Territory and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
11. the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the US Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the US Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
12. it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US Securities Act;
13. it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the US Securities Act;
14. it will not distribute, forward, transfer or otherwise transmit this document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
15. neither SCM Securities, SCM Advisory, their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of SCM Securities or SCM Advisory and neither SCM Securities nor SCM Advisory have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
16. it has the funds available to pay for the Placing Shares for which it has agreed to subscribe for and acknowledges and agrees that it will make payment to SCM Securities for the Placing Shares allocated to it in accordance with the terms and conditions of this document on the due times and dates set out in this document, failing which the relevant Placing Shares may be placed with others on such terms as SCM Securities may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
17. no action has been or will be taken by any of the Company, SCM Advisory, SCM Securities or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
18. the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither SCM Securities, SCM Advisory nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to subscribe for Placing Shares pursuant to the Placing and agrees to pay SCM Securities in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of SCM Securities or transferred to a CREST stock account of SCM Securities who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
19. it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and



agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and SCM Securities for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

20. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
21. it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
22. it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any member state of the EEA within the meaning of the EU Prospectus Regulation;
23. if it is a person in the United Kingdom, it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Order and/or an authorised person as defined in section 31 of FSMA; and (b) Article 2(e) of the UK Prospectus Regulations. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
24. if it is a person in the EEA, it is a person of a kind described in Article 2(e) of the EU Prospectus Regulation. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
25. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
26. it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
27. if it is a financial intermediary, as that term is used in Article 3(2) of the UK Prospectus Regulation (for financial intermediaries in the United Kingdom), and Article 3(2) of the EU Prospectus Regulation (for financial intermediaries in the EEA) (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA or the United Kingdom other than Qualified Investors, or in circumstances in which the express prior written consent of SCM Securities has been given to the offer or resale;
28. it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
29. neither SCM Securities, SCM Advisory nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;
30. neither SCM Securities, SCM Advisory, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of SCM Securities, SCM Advisory, the

Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of SCM Securities' or SCM Advisory's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

31. SCM Securities may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, SCM Securities will not make any public disclosure in relation to such transactions;
32. SCM Securities, SCM Advisory and each of their respective affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by SCM Securities, SCM Advisory and/or any of their respective affiliates, acting as an investor for its or their own account(s). Neither SCM Securities, SCM Advisory nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
33. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
34. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, MAR and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
35. in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, SCM Securities (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to SCM Securities' or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at SCM Securities' absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at SCM Securities' or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity SCM Securities' (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, SCM Securities and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of acquisition will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
36. its commitment to acquire Placing Shares on the terms set out in this document and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's, SCM Advisory's or SCM Securities' conduct of the Placing;
37. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
38. it irrevocably appoints any duly authorised officer of SCM Securities as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary

to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this document;

39. the Company, SCM Advisory, SCM Securities and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to SCM Securities, on their own behalf and on behalf of the Company and are irrevocable;
40. if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
41. neither it nor, as the case may be, its clients expect SCM Securities to have any duties or responsibilities to such persons similar or comparable to the duties of “best execution” and “suitability” imposed by the FCA’s Conduct of Business Source Book, and that SCM Securities is not acting for it or its clients, and that SCM Securities will not be responsible for providing the protections afforded to customers of SCM Securities or for providing advice in respect of the transactions described herein;
42. it is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is acquiring Placing Shares for investment only and not with a view to resale or distribution;
43. it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the AIM Rules for Companies and Disclosure Guidance and Transparency Rules published by the FCA;
44. it represents and warrants that, to the extent it has received any inside information (for the purposes of MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to MAR and the securities of the Company or any such related company, it has not:
  - (a) dealt (or attempted to deal) in the securities of the Company or any related company;
  - (b) encouraged, recommended or induced another person to deal in the securities of such company; or
  - (c) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;
45. it undertakes to SCM Securities at the time of making its commitment to acquire Placing Shares that it will confirm in writing to SCM Securities in the form of confirmation sent by SCM Securities to Placees the number of Placing Shares it intends to acquire and in respect of which VCT or EIS Relief will be sought and those Placing Shares in respect of which such relief will not be sought;
46. as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company;
47. it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company, SCM Advisory or SCM Securities to provide any legal, tax or other advice to it;
48. it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only;
49. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this document;
50. time is of the essence as regards its obligations under this Part 8;
51. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to SCM Securities;
52. the Placing Shares will be issued subject to the terms and conditions of this Part 8; and
53. these terms and conditions in this Part 8 and all documents into which this Part 8 is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms

and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company, SCM Advisory or SCM Securities in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, SCM Advisory, SCM Securities and each of their respective affiliates, agents, directors, officers and employees and any one acting on their behalf harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part 8 or incurred by SCM Securities, SCM Advisory, the Company or each of their respective affiliates, agents, directors, officers or employees and any one acting on their behalf arising from the performance of the Placee's obligations as set out in this document, and further agrees that the provisions of this Part 8 shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and none of the Company, SCM Advisory or SCM Securities shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify SCM Securities accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company, SCM Advisory and SCM Securities in the event that either the Company, SCM Advisory and/or SCM Securities has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Part 8 are given to SCM Securities for itself and on behalf of the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that neither SCM Securities nor SCM Advisory owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that SCM Securities may (at its absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with SCM Securities, any money held in an account with SCM Securities on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from SCM Securities' money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this document are to London time, unless otherwise stated. All times and dates in this document may be subject to amendment. No statement in this document is intended to be a profit forecast, and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this document.

## DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meaning:

<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies issued by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time
<b>“Articles”</b>	the articles of association of the Company
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“BDO”</b>	BDO LLP
<b>“Board”</b>	the board of directors of the Company from time to time
<b>“Brexit”</b>	the exit of the UK from the EU effective from 1 January 2020
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which banks are open for commercial business in the City of London
<b>“certificated” or “in certificated form”</b>	the description of a share or other security which is not in uncertificated form (that is not in CREST)
<b>“City Code”</b>	the City Code on Takeovers and Mergers published by the Panel from time to time
<b>“Company” or “Aurigo”</b>	Aurigo International plc, a company incorporated in England and Wales with registered number 05546181 and having its registered office at 33 Bilton Industrial Estate, Humber Avenue, Coventry, West Midlands, CV3 1JL
<b>“Concert Party”</b>	for the purposes of the City Code, David Keene and Graham Keene
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form, operated by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
<b>“CTA 2010”</b>	the UK Corporation Tax Act 2010



<b>“Directors” or “Board”</b>	the directors of the Company from time to time, but whose names as at the date of this document appear on page 12 of this document
<b>“Disclosure Guidance and Transparency Rules” or “DTRs”</b>	the Disclosure Guidance and Transparency Rules published by the FCA
<b>“EEA Prospectus Regulation”</b>	Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market
<b>“EIS”</b>	the enterprise investment scheme, as particularised in Part V of the EIS Legislation
<b>“EIS Legislation”</b>	Part V of the Income Tax Act 2007
<b>“EIS Placing Shares”</b>	the 3,908,666 Placing Shares to be issued and allotted to persons seeking to invest in “eligible shares” for the purposes of EIS pursuant to the Placing
<b>“EIS Relief”</b>	tax reliefs as described in Chapter 1 of Part 5 Income Tax Act 2007
<b>“EMI Option Holders”</b>	those employees and office holders of the Company and its subsidiaries who have been granted options under the EMI Plan
<b>“EMI Options”</b>	means the options over 1,666,664 new Ordinary Shares granted in favour of the EMI Option Holders pursuant to the terms of the EMI Plan
<b>“EMI Plan”</b>	the Aurigo International plc 2022 Share Option Plan, summary details of which are set out in paragraph 4 of Part 7 of this document
<b>“Enlarged Share Capital”</b>	together the Placing Shares and the Existing Ordinary Shares
<b>“EU”</b>	the European Union
<b>“Euroclear”</b>	Euroclear UK and International Limited, the operator (as defined in the CREST Regulations) of CREST
<b>“Executive Directors”</b>	the executive directors of the Company at the date of this document, being each of the Founders and Ian Grubb
<b>“Existing Ordinary Shares”</b>	the 25,000,000 Ordinary Shares in issue at the date of this document
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“Founders”</b>	David Martin Keene and Graham Stuart Keene
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“Group Reorganisation”</b>	the re-registration of the Company as a public company limited by shares, pursuant to the steps described in more detail in paragraph 2 of Part 7 of this document
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IFRS” or “IFRSs”</b>	International Financial Reporting Standards, as adopted for use in the European Union



<b>“Innovate UK”</b>	Innovate UK Loans Limited a company registered in England & Wales with Company number 11220957
<b>“Lock-in Deeds”</b>	the lock-in deeds between the Company, SCM Securities, SCM Advisory and respectively each of the Locked In Persons, summary details of which are set out in paragraph 10.3 of Part 7 of this document
<b>“Locked In Persons”</b>	together the Founders and each of the Non-Executive Directors
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Market Abuse Regulation” or “MAR”</b>	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
<b>“Nominated Adviser”</b>	SCM Advisory in its capacity as nominated adviser to the Company for the purposes of the AIM Rules
<b>“Nominations Committee”</b>	the nominations committee of the Board
<b>“Non-Eligible Placing Shares”</b>	Placing Shares which are not EIS Placing Shares or VCT Placing Shares
<b>“Non-Executive Directors”</b>	the Non-Executive directors of the Company at the date of this document, being Andrew Cornish, Penny Coates, Joseph Elliott and Lewis Girdwood
<b>“Official List(s)”</b>	the official lists maintained by the FCA
<b>“Ordinary Shares”</b>	ordinary shares of £0.002 each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placees”</b>	subscribers for the Placing Shares as procured by SCM Securities as agent for the Company pursuant to the Placing Agreement
<b>“Placing”</b>	the conditional placing by SCM Securities of the Placing Shares as agent for the Company at the Issue Price pursuant to and on the terms of the Placing Agreement
<b>“Placing Agreement”</b>	the placing agreement dated 12 September 2022 between SCM Securities, (1), SCM Advisory (2), the Company (3) and the Directors (4) relating to the Placing, further details of which are set out in paragraph 10.2 of Part 7 of this document
<b>“Placing Price”</b>	48 pence per Placing Share
<b>“Placing Shares”</b>	the 16,666,667 new Ordinary Shares to be issued by the Company to Placees
<b>“Prospectus Regulation”</b>	the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Prospectus (Amendment, etc) (EU Exit) Regulations 2019

<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>“QCA”</b>	the Quoted Companies Alliance
<b>“QCA Code”</b>	The QCA Corporate Governance Code published by the QCA in 2018, as amended from time to time
<b>“RDM”</b>	Richmond Design & Marketing Limited a company incorporated in England and Wales with registered number 02793489 and having its registered office at Unit 33 Bilton Industrial Estate, Humber Avenue, Coventry, CV3 1JL
<b>“Registrar”</b>	Computershare Investor Services plc of The Pavilions, Bridgwater Road, Bristol, BS13 8AE
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“Secretary”</b>	Almond & Co of Peter House, Oxford Street, Manchester M1 5AN
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Shareholders”</b>	holders of Ordinary Shares from time to time
<b>“SCM Advisory”</b>	Singer Capital Markets Advisory LLP, a company incorporated in England and Wales with registered number OC364131 and having its registered office at One, Bartholomew Lane, London, EC2N 2AX
<b>“SCM Securities”</b>	Singer Capital Markets Securities Limited, a company incorporated in England and Wales with registered number 05792780 and having its registered office at One, Bartholomew Lane, London, EC2N 2AX
<b>“Singer Capital Markets”</b>	together SCM Securities and SCM Advisory
<b>“subsidiary” or “subsidiary undertaking”</b>	has the same meaning as in the Act
<b>“UK”</b>	The United Kingdom
<b>“uncertificated” or “in uncertificated form”</b>	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“US” or “United States”</b>	means the United States of America
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“VAT”</b>	UK value added tax
<b>“VCT”</b>	venture capital trusts
<b>“VCT Legislation”</b>	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
<b>“VCT Placing Shares”</b>	the 10,593,750 new Ordinary Shares to be issued and allotted to VCTs pursuant to the Placing

## GLOSSARY

In this document, where the context permits, the expressions set out below shall bear the following meaning:

<b>“Apron”</b>	the area of an airport where aircraft are parked, unloaded or loaded, refuelled, boarded, or maintained
<b>“autonomous vehicle”</b>	a vehicle capable of sensing its environment and operating without human involvement. A human passenger is not required to take control of the vehicle at any time, nor is a human passenger required to be present in the vehicle at all
<b>“EV” or “Electric Vehicle”</b>	a vehicle powered by a battery charged by electricity, as opposed to an internal combustion engine fuelled by petrol or diesel
<b>“First and Last Mile”</b>	the beginning or end of an individual trip made primarily by public transportation
<b>“IATA”</b>	the International Air Transport Association
<b>“IATF 16949”</b>	the International Standard for Automotive Quality Management Systems developed by The International Automotive Task Force
<b>“ISO”</b>	International Organization for Standardization
<b>“LIDAR”</b>	light detection and ranging, a method for determining ranges by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver
<b>“Non-Road Going”</b>	carriage or transportation which takes place away from public roads and highways
<b>“OEM”</b>	original equipment manufacturer namely the brand owner and assembler of finished automotive vehicles into which the Group’s products are sold
<b>“On-The-Fly”</b>	while in motion or progress
<b>“PIR Sensor”</b>	passive infrared sensor, an electronic sensor that measures infrared light radiating from objects in its field of view.
<b>“ULD” or “unit load device”</b>	a pallet or container used to load luggage, freight, and mail on wide-body aircraft and specific narrow-body aircraft. It allows a large quantity of cargo to be bundled into a single unit, leading to fewer units to load and saving ground crews time and effort which helps prevent delayed flights
<b>“T-CABS”</b>	a platform for the creation and support of digital services, offering the new capacities of cryptocurrency technologies, especially the blockchain offering capabilities as a secure database to support smart transactions.

